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PROCEEDINGS AND DEBATES OF THE 97th CONGRESS, FIRST SESSION

SENATE—Tuesday, September 15, 1981

(Legislative day of Wednesday, September 9, 1981)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by the Honorable RICHARD G. LUGAR, a Senator from the State of Indiana.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Our Father in heaven, Thou hast given us another day in which to serve Thee. We thank Thee for the rest of the night, for brief but precious time with our families. We thank Thee for strong bodies and alert minds, for eyes to see and ears to hear and hearts to love. We thank Thee for comfortable homes, for more than enough to eat, for good friends and faithful associates. We thank Thee for the pleasure of laboring in this place of extraordinary privilege and position.

Grant us wisdom and strength for this day that we may dispose of our responsibilities in ways that honor Thee. Help us in all our relationships to be constructive and edifying. Keep us from attitudes which demean others and are socially destructive. Help us find joy in our work despite pressure and opposition.

May Thy glory fill this place. Thy love be shed abroad in our hearts, and Thy will be done for the Nation. In Jesus' name. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER (Mr. CRANSTON). The clerk will please read a communication to the Senate from the President pro tempore (Mr. THURMOND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,

Washington, D.C., September 15, 1981.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable RICHARD G. LUGAR, a Senator from the State of Indiana, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mr. LUGAR thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDING OFFICER (Mr. PROXMIER). Under the previous order, the acting majority leader, the Senator from Indiana (Mr. LUGAR), is recognized.

THE JOURNAL

Mr. LUGAR. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LUGAR. I thank the Chair.

THE FARM LEGISLATION DEBATE

Mr. LUGAR. Mr. President, this is a day on which we continue our debate on farm legislation. It is a debate which has ramifications which go well beyond that particular legislation, important as it is. Clearly, the farmers of America are people who work hard, who have produced well, who really stand as the epitome of efficiency in our market economic system.

They are in difficulty, as are many Americans from high interest rates, from inflated expenses that they are paying, even at a time when the remarkable production for which they and those who have preceded them in American agriculture are responsible, is bringing down prices, cash markets, and futures markets in anticipation of those large crops.

Mr. President, it is truly ironic, as we debate the farm bill in this country, that a comparable debate in the Soviet Union would center on the failures of the Soviet agriculture—in part, because of adverse geographical circumstances, but in large part because of poor organization of that system—lack of production efficiencies, lack of human rights of Soviet farmers, who are collectivized, herded about, hardly given their due in a totalitarian society. The result is that vast shortages have occurred which will be of grievous importance to individual human beings, who will suffer, and of great importance to the Soviet State, which now stands in jeopardy once again of failure to produce the most essential product, food to feed people.

It is probable that the Soviet Union will import feedgrains to eat. It is probable given the scenario of events in recent months, that the United States will

stand well back of the end of the line as a residual market for those imports. It is probable that the very problem of logistics of Soviet ports, that have crowded out the grain ships, may prevent the importation of as much grain as might be imported from American markets that are efficient.

In any event, it is ironic that one of the great strengths of the United States of America is its ability to grow agricultural produce and to do it so well and that a part of our dilemma this morning comes from the fact that we do it so well and we must try to encourage American agriculture to continue to be productive.

There are differing viewpoints, Mr. President, as to how we should proceed. At least one point of view, which this Senator holds, is that American agriculture is as eager as any other sector of American life to see lower interest rates, to see control over Federal governmental expenditures, to see a movement toward a balanced budget, to see an aggressive export policy, to see a reasonable policy in which the Secretary of Agriculture might have the maximum flexibility to meet the coming problems of the next 4 or 5 years through a system of loans, farmer-held reserves, incentives for exporting agricultural research, and assistance to farm families in trying to retain the family farm.

There are differences of opinion as to how that might come about, but clearly, at a time when our Nation is attempting to get its fiscal picture in order to make sure that our Government moves toward a balance so that interest rates come down, we must strike a balance in our agricultural policy.

That will not mean business as usual and it will not mean taking extravagant chances by setting in motion fixed target price systems that guarantee, in years of poor weather, which we shall surely have in a case of 5 years ahead, very large exposures.

If there is one thing Mr. President, that we are certain of, it is that uncontrollable expenditures must be brought under control rather than brought into the fore again in a way that might be the outcome of our debate.

I conclude, Mr. President, by saying that I am certain that not only American agriculture looks at this debate with a great deal of interest, but, clearly, since it is the first debate we have had since the recess, the American public as a

• This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

whole looks with a very close scrutiny at how we shall deal with this very, very difficult problem. I am hopeful that the faith of the American public in our ability to deal fairly and yet, at the same time, to move toward economic strengths in this country will be justified by the outcome.

Certainly, all Senators participating in the debate are of good will and moving toward that result.

Mr. President, at this point, I yield a portion of my time to the distinguished Senator from Kansas (Mr. DOLE).

Mr. DOLE. Mr. President, I thank the Senator from Indiana. I shall take just 2 or 3 minutes.

GRAIN SALES TO THE SOVIET UNION

Mr. DOLE. Mr. President, before we get on the debate on the farm bill, because I think the Senator has indicated that there are some differences of opinion—not major differences, but some that will be worked out—I wanted to relay some assurances from President Reagan this morning that the administration intends to offer a large additional amount of grain for sale to the Soviet Union when consultations are held on September 30 on the 1-year extension of the United States-Soviet grains agreement.

I received a letter from the President last evening which indicates that this is administration policy. It is not Secretary Block's policy. It is not anyone else's policy. It is the administration's policy. It is the President's policy.

I believe there has been some confusion so far as trade is concerned, perhaps even on the part of the Soviets, on this theory: Is this the policy? Is this what the Secretary of Agriculture thinks may be the policy?

I believe that the best way to clear the air is to read the President's letter.

Mr. President, on September 4, 1981, Secretary Block announced that United States and Union of Soviet Socialist Republics grain trade negotiators will meet in Moscow on September 30 and October 1. The discussions will concern the supply availabilities and trade needs during the 1982 fiscal year.

The September USDA crop report showed that supplies in the 1981-82 marketing year for corn, wheat, and soybeans would be more than ample to meet U.S. domestic and export needs. I have received the following assurances by the President regarding United States offers to the Soviets on additional sales beyond the 6 to 8 million tons of grain and for other commodities. The letter is self-explanatory, and reads as follows:

THE WHITE HOUSE,

Washington, September 14, 1981.

HON. ROBERT J. DOLE,
U.S. Senate,
Washington, D.C.

DEAR BOB: Your letter of September 10 has been received, and your interest in maintaining a free and unrestricted policy for agricultural trade is appreciated.

I assure you that the Administration fully intends to pursue the best interests of the United States and our farm sector by maximizing agricultural exports to all foreign buyers. Sales of grain and other agricultural

products will in no way be singled out for restriction in any trade embargo that may be imposed by this Administration.

In view of our current abundant supplies of corn and wheat, and prospects for record harvests this year, the Administration intends to offer a large additional amount of grain for sale to the Soviet Union when consultations are held September 30, on the one-year extension of the U.S./U.S.S.R. Grains Agreement. These quantities will be in addition to the specified minimum and maximum levels.

I trust that this letter serves to clarify our policy regarding agricultural trade and to express the Administration's wholehearted support for this vital part of the Nation's economy.

Sincerely,

RON.

This proposed sale of U.S. grain will provide thousands of new jobs and improved prices for farmers, and lighten the dark cloud placed over the American farmer on January 4, 1980, when President Carter announced the embargo on the shipment of 17 million tons of grain, plus significant quantities of other commodities sold to the Soviet Union.

In order to understand the importance of the administration's stated position on agricultural trade, it is necessary to retrace the events over the last 18 months following the imposition of export controls by President Carter. The immediate reaction of producers to President Carter's embargo was one of apprehension. American farmers remembered only too well the high costs of previous export embargoes in 1973 and 1975. Both times farmers were forced to carry the burden of the price declines precipitated by the embargoes.

Further, foreign customers for U.S. agricultural commodities began to question the reliability of the United States as a supplier for their food imports. The long term impact of previous embargoes on American producers has been catastrophic and continues to this day. Farmers remember all too well the increased competition that was created when customers turned to Canada, Australia, the European Economic Community, Brazil, Argentina, and others to supply their needs when they realized that the United States was not a reliable source of supply.

I have opposed such limited embargoes for many years, and immediately announced my opposition to the embargo on the evening of January 4, 1980.

I said that the embargo of grain sales to the Soviet Union would be an ineffective tool for the United States in dealing with Russian foreign policy, and would be a disastrous move for American farmers.

The 1980 embargo was one of the worst economic decisions in the history of our country. I thought then, and still do, that the decision was irresponsible.

Despite the embargo, through alternative sources, the Soviets were able to import record quantities, as indicated by the following USDA information, which I ask unanimous consent to have printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Million
metric
tons

1978-79	15.6
1979-80	31.0
1980-81	34.5

Mr. DOLE. Mr. President, in addition, the U.S.S.R. imported 1.5 million tons of soybeans and 1.5 million tons of soybean meal in 1980-81 from Europe, produced from U.S. soybeans, and from Brazil. This deprived U.S. labor from jobs and U.S. processors of running time. The U.S. farmers lost an opportunity to sell and received lower prices for the balance.

I ask unanimous consent to have printed in the RECORD, a table showing how the Soviet found other sources for needed grains.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

U.S.S.R. IMPORTS OF WHEAT AND COARSE GRAINS BY SOURCE, 1978/79-1980/81

[In millions of metric tons, July/June years]

Country	1978/79	1979/80	Preliminary 1980/81	1980/81 versus 1979/79
United States	11.2	15.2	8.0	-3.2
Canada	2.1	3.4	6.8	+4.7
Australia	.1	4.0	2.9	-2.8
Argentina	1.4	5.1	11.2	+9.8
EC	.2	.9	1.2	+1.0
Others	.1	1.8	4.0	+3.9
Total	15.1	30.4	34.0	+18.9

¹ Totals may not add due to rounding. Excludes rice and pulses.

Mr. DOLE. However, Mr. President, the U.S.S.R. signed long-range grain agreements for minimum annual amounts, as follows:

[In million tons]

Argentina	4.5
Australia	3.9
Canada	5

The net effect has been to stimulate production by competitors and lost markets for U.S. farmers. This was foreign aid for our competitors.

On July 3, 1980, flanked by two great friends of the American farmer, Senator JEPSEN and Representative HAGEDORN, I stood on the ramp in front of the administration building of USDA, and read a most significant statement by the then candidate and now President Ronald Reagan, who said:

However well-intentioned it may have been at the time, it was ill-conceived, improperly implemented—and was simply ignored by many other grain producing countries.

Later in the statement, the President said:

Jimmy Carter's grain embargo should be ended... Now.

If the President persists in imposing this unilateral, ineffective and financially painful burden on the farmer, I will, when elected, fully assess our national security, foreign policy and agricultural trade needs to determine how best to terminate yet another of the inequitable and ineffective policies of the Carter Administration.

President Reagan is a man of his word, and has ended the embargo. A 1-year extension of the current grain agreement

with the U.S.S.R. was developed, and already is being implemented by sales of millions of tons of corn and wheat to the Soviets. This agreement provides assurance that between 6 and 8 million tons of grain will be exported to the U.S.S.R. in the 1982 fiscal year.

Moreover, article VI of the current agreement reads as follows:

Whenever the Government of the USSR wishes the foreign trade organizations of the USSR to be able to purchase more wheat or corn grown in the USA than the amounts specified in Article I, it shall immediately notify the Government of the USA.

Whenever the Government of the USA wishes private commercial sources to be able to sell more wheat or corn grown in the USA than the amounts specified in Article I, it shall immediately notify the Government of the USSR.

In both instances, the Parties will consult as soon as possible in order to reach agreement on possible quantities of grain to be supplied to the USSR prior to purchase/sale or conclusion of contracts for the purchase/sale of grain in amounts above those specified in Article I.

President Reagan and Secretary Block are two of the greatest fighters for American agriculture to serve in such high offices. They believe that our ability to trade in agricultural products, including processed products, is one of our great strengths. This letter from the President reaffirms his commitment to the expansion of exports based on the principle of uninterrupted trade and freedom from Government restrictions. Only in that atmosphere can the American farmers be given the opportunity to compete and will the market be truly free.

Never again shall American farmers be held hostage to a failed policy.

Mr. President, there should be no doubt, based on the President's letter, as to what his policy is, what the administration's policy is. I hope that this will send the right signal to the markets across this country.

We have seen the Soviets buy grain in increasing quantities from countries which, in effect, have cashed in on the embargo. Let us just take Argentina. In the 1978-79 marketing year, Argentina sold about 1.4 million tons. This jumped to 5.1 million tons in 1979-80, 11.2 million tons in 1980-81; and they will have almost that much in the next year.

So we have lost some markets to other countries, and I am certain that this amounts to foreign aid to our competitors.

But now, with the President's statement not only on this particular meeting but also on embargo policy, I hope it will offer assurance to people such as the Presiding Officer, the Senator from Minnesota (Mr. Boschwitz), who has deep concern about embargoes and has expressed his concern in the Agriculture Committee.

The President now has said, as recently as yesterday, when the letter was delivered about 5 p.m., that we are not going to single out agriculture. He said that we are going to offer large quantities of grain to the Soviet Union, which indicates to me that it is going to be in excess of 10 million tons. So this should

be good news for the American farmer today.

I believe it will have some impact on the debate as we go through the farm bill, and I wanted to make this announcement before that debate started, because it is important.

I thank the distinguished Senator from Indiana for yielding.

Mr. LUGAR. Mr. President, I thank the distinguished Senator from Kansas for extraordinary good news. It makes a big difference in the outlook for American farmers.

Mr. President, I yield back the remainder of my time.

RECOGNITION OF THE ASSISTANT MINORITY LEADER

The PRESIDING OFFICER (Mr. BOSCHWITZ). The Senator from California is recognized.

Mr. CRANSTON. Mr. President, I yield 4 minutes to the Senator from Wisconsin, and I reserve the remainder of my time.

Mr. PROXMIRE. I thank the Senator from California.

THE EMBARGO ON BUTTER

Mr. PROXMIRE. Mr. President, I plead with the Senator from Kansas to use his influence with the administration to see if he can persuade them also to lift the embargo on butter. They lifted the embargo on wheat, so the Russians have bread and nothing to put on the bread.

I suggest that if the administration is going to be consistent—this is a farm product—the embargo on butter should be lifted.

Mr. DOLE. I agree with the Senator from Wisconsin. We cannot have bread without butter.

Mr. PROXMIRE. I appreciate that.

I point out to the Senator from Indiana that his statement was very reasonable and statesmanlike. I am sure farmers would agree with it.

The dairy farmer is in a position now in which, if we do not provide for some reasonable increase in price supports, he is going to have to suffer the entire burden of inflation by losing it from his net income.

The administration has the discretion to reduce dairy price supports and keep them from increasing. University of Wisconsin figures show that until we get rid of the surplus, it could cost dairy farmers 70 percent of their net income. No other group in America is being asked to make that kind of sacrifice.

So, while the Senator from Louisiana is correct in arguing that the farmer has a great stake in a balanced budget and in the stabilization of prices, it is murder for the dairy farmer not to have some sort of reasonable compromise here which would let him survive.

A TRIBUTE TO DR. LEMKIN

Mr. PROXMIRE. Mr. President, August 28 marked the anniversary of the death of Dr. Raphael Lemkin. In 1959, he died a tired and disappointed man.

The originator of the international

movement to fight the mass killings of people for religious and racial reasons, Lemkin was a relentless and valiant crusader against the crime for which he gave a name—genocide.

Lemkin lost all of his 50-member Polish Jewish family, except for a brother, in the gas chambers of Auschwitz. Lemkin himself was on a Nazi list which targeted him for liquidation. Yet Dr. Lemkin's lifelong crusade to fight genocide began with his search for answers as a young child.

Upon reading *Quo Vadis* in 1912, the 14-year-old Lemkin was horrified to read about Roman mobs throwing early Christians to be devoured by lions. Lemkin read of other massacres in history: The destruction in Carthage, the murders of 50,000 Protestants in France, and 30,000 Catholics in Japan.

Lemkin knew of more modern examples of genocide: The Jews killed in pogroms, the Armenians massacred by Turks in 1916 and 1921. At the 1933 League of Nations conference on criminal law held in Madrid, Lemkin unsuccessfully attempted to ban what he called the "crime of barbarity—the destruction of national, religious, or racial groups."

Literally a one-man lobby, Lemkin persuaded delegates of Cuba, Panama, and India to present a resolution in the U.N. General Assembly calling for a treaty against genocide. The General Assembly did pass a resolution in 1946 declaring that genocide is an international crime and directing a treaty to be drafted under Lemkin's supervision.

Two years later, the General Assembly unanimously adopted the Genocide Treaty. Dr. Lemkin's efforts did not stop with the General Assembly's adoption of the treaty, however. In poor health, and in debt, he traveled around the world to use his persistence and knowledge of nine languages to secure ratifications of the treaty.

I give tribute to Raphael Lemkin, a man who deplored the mass slaughtering of human beings, not just in this century but from the time of the early Christian martyrs. He was a man who dedicated his life to the crusade against genocide, forgoing personal health, a family, and material possessions.

Lemkin was not unrealistic in his hopes for the treaty:

Not that I will live to see the treaty enforced strictly. . . . Nor will the children of my generation. But their children will. Of that I am convinced.

Perhaps Dr. Lemkin had too much confidence in us. How can a treaty be enforced if it is not even ratified?

Mr. President, I plead once again with the U.S. Senate to act on the Genocide Treaty and ratify this treaty, which is long overdue.

RECOGNITION OF SENATOR BENTSEN

The PRESIDING OFFICER. The Senator from Texas.

Mr. BENTSEN. Mr. President, I understand that the Senator from Missouri is scheduled next, but I do not see him in the Chamber. If the Chair wishes me to proceed on my time at this point, I am prepared to do so.

SENATE RESOLUTION 211—HIGH INTEREST RATES

Mr. BENTSEN. Mr. President, I noticed my friend from Wisconsin, Senator PROXMIER, in the Chamber a moment ago. He was talking the other day about how it is so easy to criticize the Federal Reserve Board for high interest rates, but so difficult to offer a constructive solution or alternative course of action that did not add to inflation.

I think there is one solution which can be offered. I am submitting a resolution today outlining that solution which I hope my colleagues in the Senate will endorse and cosponsor. It is a resolution which says, "let us stop making unproductive bank loans, let us stop having one big company buy another big company when it does not add to productivity or production." For example, in the recent case of DuPont buying Conoco, to quote *Business Week*, "not a single new job will be created, not a single new barrel of oil will be discovered." Yet, that merger sopped up a great deal of credit. In an afternoon, DuPont put together a reported \$4 billion in bank credit for a \$8.8 billion purchase. Then when we add Seagrams and Mobil—the unsuccessful suitors for Conoco—to it, we are talking about \$10 billion in bank credits that were put together for just that one merger.

So, Mr. President, I am submitting a Senate resolution designed to reduce the demand for credit for such unproductive purposes as giant business mergers, and thereby to reduce interest rates. The resolution calls for action by the Board of Governors of the Federal Reserve System to mitigate the severe nationwide impact of today's high interest rates.

Specifically, my resolution urges the Board to undertake an aggressive campaign of encouraging banks to cease making credit available for speculative and unproductive applications and to provide inexpensive loans to those persons and businesses that are most in need of credit today. Excessive bank lending for unproductive purposes has pushed up credit demand and helped to produce the staggering interest rates we face today. Eliminating that demand will free up bank credit for farmers, small businesses, homebuilders and homeowners and ease interest rate pressure, as well.

Mr. President, the devastating effects of today's interest rates have been described by a number of my distinguished colleagues. I will not dwell on them at length. However, let me note a few current statistics which reveal the destruction which high rates are having on the lives of American citizens.

Homebuilding and real estate sales have plummeted due to the inability of Americans to afford mortgage loans which now carry average interest rates exceeding 16 percent. New home construction has dropped to barely one-half the level needed to meet the minimum demands of our growing population.

Only 1 family in 20 seeking to buy a first home can meet the monthly payments on average priced new homes due to soaring mortgage costs. These soaring costs and declining housing demand have devastated the homebuilding and realtor industries. Bankruptcy, liquidation, mergers and consolidation are the order of the day in these industries experiencing a genuine depression. The thrift institutions serving them are in very weak financial condition, as well. And, a wave of mergers is building that could reach the staggering rate of one a day shortly.

In the automobile industry, high interest rates have been a major factor causing the slump of sales of new and used cars. Depressed sales volumes, in turn, have led to the layoff of thousands of autoworkers and the shutdown of manufacturing facilities. Poor sales caused by oppressive interest rates have also forced more than 2,270 automobile dealers out of business in just the last 2 years.

Farmers have been hard hit by our high interest rates, as well. Pushed by sky-high interest costs, farm production costs have continued to escalate most recently at an annual rate of nearly 17 percent, according to the U.S. Department of Agriculture. At the same time, high interest rates are preventing farmers from qualifying for loans to carry these additional costs. The resulting squeeze, as my colleague Senator BOREN has earlier pointed out, due to high interest rates will play a major role in forcing 25,000 full-time farmers out of business this year.

Finally, let me note the destructive impact of today's interest rates on small businesses generally across the United States. Small business is the heart of this Nation. It is the largest employer, and the most innovative and fastest growing sector in our economy. Yet, high interest rates are drying up the great reservoir of talent and resources that comprise our small business sector. Their sales are down in real terms. Yet, their costs of carrying inventories and other routine financing obligations has soared. This classic cost squeeze may soon see many of our small businesses going the way of farmers, closing their doors, selling out while they can—which directly cuts employment and reduces Federal tax receipts, resulting in a larger Federal budget deficit and even higher interest rates. They are caught in a profit squeeze, and the result is to put our Nation in a vicious circle where our high interest rates are unable to fall.

The need to finance our staggering deficit is only one of many factors pushing up interest rates. Some of these factors, such as the amount of borrowing by the Federal Government, will take years to control. Over just the last few years, we have seen Government borrowing rise from 10 percent of all credit borrowings in the United States to almost 35 percent this year. That is way too high and the solution is to cut back the deficit as quickly as we can and balance the budget.

Other factors creating credit demand

and pressure on interest rates, can and should be dealt with immediately, as well. One of these factors is the huge amount of recent bank lending or the establishment of lines of credit for unproductive purposes such as commodities speculation and mergers by giant business concerns.

Loans for giant mergers, for example, are reaching breathtaking levels. Since the middle of 1979, over 30 major business mergers—worth at least \$500 million each—have been proposed or completed. Together, these mergers have diverted over \$50 billion with a sizable portion of the money coming as cash in loans from Wall Street, and that is just the tip of the iceberg.

Many more mergers are being proposed, as well, creating additional demand for scarce credit as banks provide lines of credit to finance business mergers or to fend off takeover attempts.

New York investment houses now are going over natural resource company balance sheets to decide who next to pick off, trying to see who is the next merger candidate. We see, as well, apparently more leniency toward such mergers by the Antitrust Division of the Justice Department—which has further excited the interest of New York investment houses.

This enormous loan demand has had the effect of pushing up interest rates across the board as all borrowers compete for a relatively stagnant supply of loanable funds.

Mr. President, you and my colleagues are aware of my keen support for permitting the market mechanism to allocate resources. Yet, I am less than enthusiastic with the surge of speculative lending now underway, characterized by the sharp rise in giant business merger activity. As I said moments ago, such loans have not been employed in many cases for productive purposes. They have not generally been used to finance needed capital investments in modern manufacturing processes or new products that will increase productivity, output, or economic efficiency.

We recently cut taxes and Federal spending to free up capital and create the incentive for new productive investments to be made. Yet, we are instead seeing massive loans not made for that purpose, but for mergers instead where there is a real question whether productivity is increased.

I believe the Government must address the problem of bank lending for unproductive purposes as a key part of its effort to bring down interest rates. I also believe the Government has a responsibility to insure that small businesses, homebuyers, farmers, and others have access to the least expensive credit possible during these times of extraordinary interest rates.

The resolution I am introducing today represents an effort to deal with both of these concerns. It calls on the Board of Governors of the Federal Reserve System to discourage banks from lending funds for unproductive purposes and urges the Board to promote an expansion of credit for particularly needy and important sectors of the economy such as housing, autos, farming, and small business.

We should have the Federal Reserve Board call in the New York banks. They should call in the lead banks who are syndicating mergers, and say to them: "Gentlemen, we are not arguing with you about whether it is appropriate for this company to be buying that company, whether or not that merger should be made or that one should not be made; what we are saying is that now is not the appropriate time to be financing giant mergers. We are seeing many small businesses go bankrupt because they do not have an ability to pass on the kinds of interest rates we face today." We are heavily debating a farm bill because the American farmer has seen his real net income, which over the last 10 years averaged about \$13 billion in 1967 dollars, cut back by soaring interest costs to \$9 billion or less. We are seeing commodity dealers not able to finance the purchase of commodities because of sky high interest rates. When we see those kinds of things taking place, the big New York banks should be told, it is not the time for large acquisitions and the kinds of mergers we have recently seen to occur because they compete with the homebuilder, the homebuyer, and the consumer, with the farmer and the small businessman, with all of these people who are hanging on the ropes because of high interest rates.

There is ample precedent for such action by the Federal Reserve System. At least three times in the past 15 years, the Federal Reserve System has "jawboned" banks in an effort to influence their lending policies. In 1974, for example, the Board of Governors of the Federal Reserve System sent a letter to its member banks. The letter said:

Bank restraint in lending policies, . . . best serves the public interest when limited credit resources are used in ways that encourage expansion of productive capacity, sustain key sectors of national and local economies, provide liquidity for sound businesses in temporary difficulty, and take account of the legitimate needs of individuals and of small as well as large businesses.

The Board then issued recommended guidelines for the banks to follow in making loans.

In 1980, the Board again reacted to nationwide inflation by issuing lending guidelines to its member banks. These guidelines largely mirrored its 1974 advisory concerning bank lending policies. Among other things, the Board specifically recommended that banks:

First, discourage financing of corporate takeovers or mergers and the retirement of corporate stock, except in those limited instances in which there is a clear justification in terms of production or economic efficiency commensurate with the size of the loan.

Second, avoid financing for purely speculative holdings of commodities or precious metals or extraordinary inventory accumulation.

Third, maintain availability of funds to small business, farmers, homebuyers, and others without access to other forms of financing and, whenever possible, adjust lending rates and other terms to take account of the "special needs" of these groups.

The Resolution I am introducing today calls on the Federal Reserve System

to undertake a similar jawboning exercise now. I believe that such admonitions, if taken to heart by banks, will prove critical in the Nation's war against high interest rates and will aid in guaranteeing that those being hardest hit by high interest rates can look forward to lower rates and more abundant credit in the weeks and months ahead.

I urge my colleagues to join me in support of this resolution designed to send a crystal clear message to the Federal Reserve System and banks that something can and should be done to reduce interest rates. It is time for them to take positive action to reduce the explosion in credit for speculative, unproductive purposes—which will permit interest costs on other types of credit to fall.

I ask unanimous consent to have my prepared resolution printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

S. RES. 211

Whereas, the United States confronts an interest rate crises of major magnitude with interest rates at record high levels and little prospect for their reduction soon;

Whereas, these excessive interest rates are well above the rate of inflation and the levels which are necessary to protect lenders from erosion of principal through inflation;

Whereas, these excessive interest rates are creating a major depression in the housing and auto industries, forcing many families into a position where they cannot afford to buy homes, large consumer durables or safe and reliable transportation, and forcing thrift institutions, home builders, building material suppliers, realtors and auto dealers into bankruptcy;

Whereas, these excessive interest rates have driven up the cost of doing business for all small businesses and farmers and have raised their costs even while sales revenues are dropping and threatening them with bankruptcy;

Whereas, these excessive interest rates are threatening to create a recession which would increase unemployment and welfare lines, reduce tax receipts and increase the Federal deficit which may increase interest rates further;

Whereas, one major factor responsible for the excessive level of interest rates is credit demand created by the use of scarce bank loans for unproductive purposes, such as precious metal speculation or mergers by giant business concerns which do not increase productivity, output or economic efficiency; and

Whereas, the Board of Governors of the Federal Reserve System in the past has discouraged the use of bank funds in unproductive ways when such funds were scarce or expensive:

Now, therefore, be it resolved, That the Board of Governors of the Federal Reserve System undertake an aggressive campaign designed to encourage banks to:

(1) cease providing loans or lines of credit for unproductive and speculative purposes, while increasing the supply of credit available for productive uses; and,

(2) ensure that consumers, thrift institutions, the housing industry, auto dealers, small business, farmers and home buyers have access to the cheapest possible credit in order to avoid a national recession.

Mr. BENTSEN. Mr. President, I yield back the remainder of my time.

REAGANOMICS

Mr. EAGLETON. Mr. President, the news from Wall Street these days has come as a shock to the administration, but scarcely a surprise to anyone else who has tried to reconcile the contradictory elements of the Reagan economic program.

The amazing thing is that we did not hear sooner from these sages of Wall Street. With only a few notable exceptions such as Henry Kaufman, Wall Street stood silent as the President strode through the Congress to the cheers of his partisan followers without an economic stitch on his back. It was nonsense from the beginning and I think most of us up here knew it. But, in what Aristotle called "a willful suspension of disbelief," we went along with this unlikely fairytale. It is the sort of crowd psychology that moviemakers count on. The audience knows the plot is implausible, they know the real world never works that way, but sometimes they just love to be fooled.

Mr. President, it may be premature to pronounce the administration's economic program an irretrievable failure, but the voices now being heard from Wall Street certainly indicate it is in deep, deep trouble.

The President has dismissed these critics as alarmists, pointing out that his program does not even take effect until October 1. And, he is right—the worst is yet to come. Wait until the working families of this country wake up to what the budget and tax cuts mean for them. What President Reagan is hearing from Wall Street today will sound like a love song compared to what he will hear from Main Street when the impact of this program is fully felt.

Mr. President, as one who consistently campaigned against Reagan-Kemp-Roth in 1980 and one who has consistently opposed this same fairytale dogma in 1981, I realize that my objections to Reaganomics can be written off as partisan griping. Be that as it may, however, you cannot write off the criticism of Reaganomics as voiced by some of the most conservative economic minds in the country.

Mr. President, I ask unanimous consent that a series of quotations from various economic authorities be printed in the RECORD.

There being no objection, the comments were ordered to be printed in the RECORD, as follows:

COMMENTS FROM ECONOMIC AUTHORITIES

HERB STEIN

Herb Stein, Chairman of the Council of Economic Advisors under President Nixon, warns: "The presently available evidence on such matters does not support the view that we can get a big boost to productivity in the next few years from the Reagan Program." (AEI Economist, 4/81)

ARTHUR BURNS

Arthur Burns, former Chairman of the Federal Reserve Board, cautions: "Skepticism concerning the underpinnings of the Reagan program is not confined to traditional liberals. It is also felt to some degree by economists, businessmen, and others who are entirely sympathetic to the President's philosophy." (AEI Monograph "The Reagan Economic Program", 4/81)

HENRY KAUFMAN

In his National Press Club speech (4/22/81), Henry Kaufman, perhaps the most celebrated, indeed venerated, economist on Wall Street (Salomon Brothers), was particularly hard-hitting in his commentary on the Reagan-Kemp-Roth plan. He states as follows: "The powerful stimulative combination of large tax cuts and sizable increases in defense spending is likely to more than offset the restraining influence of a slowing in Federal expenditures, even with some presumed revenue feedback from the tax cut."

"The stimulants are bound to have a greater demand multiplier impact than the negative impact coming from a slower growth in non-defense outlays."

"The new fiscal policy, however, is exceedingly expansionary, does not pursue a course that fights inflation vigorously along the way, and will place nearly all the anti-inflation effort squarely on monetary policy."

"I am not convinced that there is real historical evidence to suggest that across-the-board tax cuts will quickly encourage Americans to work harder or to save more. Can it really be assumed during the next year or two that this fiscal strategy will reduce wage settlement increases to single digits, or will remove the rigidities in our wage and price structure? Calling attention to the beneficial impacts of earlier tax cuts is misleading. There is no precedent for taxes being lowered against a backdrop of rising defense expenditures and high inflation."

"Massive tax cuts, large leaps in defense spending, and a slowdown in other Government outlays will not, in my opinion, be enough. These measures will place an extraordinary strain on monetary policy, leading to further distortions in financial markets, much higher interest rates, and additional fragility of our financial system."

Just a few days ago, Mr. Kaufman predicted that the prime rate, then at 20.5 percent, could hit 24 or 25 percent by late fall. Long-term bond rates, which are already at record levels, could rise another few percentage points before they peak. He said the following: "I think we have not yet seen the high in interest rates. And we have not seen the full impact on the financial markets of the tax cuts the Administration is proposing, or of the actual results of what the Federal Reserve is doing to stabilize monetary policy when fiscal policy is so extraordinarily expansionary."

"There is hope by everyone, including the Treasury, that interest rates will come down. But you cannot talk interest rates down, no matter what President Reagan thinks. The central bank is being overburdened by the Administration. It is encouraging tighter monetary policy while fiscal policy is in the process of becoming even more expansive."

According to the Wall Street Journal (8/28/81), "The Reagan program, he says, is 'imbalanced' because it 'on the one hand stimulates fiscally and on the other restrains monetarily.' As a result, Mr. Kaufman considers the program highly inflationary and sure to push up interest rates. He also predicts that the municipal-bond market will be hurt the most by these policies, which, he says, require the continuing sale of so many new Treasury securities that the market for federal debt is turning 'into a thundering herd that is trampling other markets in its path.'"

JUDE WANNISKI

Jude Wanniski was one of President Reagan's principal economic advisors between 1977 and 1980. Some refer to him as Reagan's "Gold Bug."

"At the outset of the Reagan Administration the die was cast when it was arranged that the supply-siders would dominate the fiscal side of Treasury and monetarists would get the monetary side. These forces are basi-

cally incompatible: the economy cannot advance as the forces pull it in different directions. By letting people keep more of their earnings after taxes, the fiscal changes are encouraging them to increase their production. But the Fed and the Treasury monetarists see this as an inflationary impulse and try to choke off economic activity with higher interest rates." (The New York Times, 8/27/81)

"Outlandish interest rates are making it so costly to finance the government's debt that there is talk of slashing defense spending and Social Security to make room for more debt service. High interest rates, in turn, are widely attributed to the size of the deficit."

"That is, the deficit expands because of the high interest rates, yet high interest rates are supposedly caused by the deficit."

"A dismal vicious circle, indeed, if there were any truth to it. After all, this country has had deficits before, some much bigger than any we have in prospect. But never in U.S. history have we seen long-term interest rates like this. In the entire century, until 1968, high quality 30-year bonds rarely paid more than 5 percent." (The Kansas City Times, 9/11/81)

ALAN GREENSPAN

"Alan Greenspan, the New York economist who played a central role in the Administration's February forecast, has become less bullish. 'Our forecast is that this economy is dead flat into the spring,' Mr. Greenspan said by telephone."

"He said that with high interest rates 'hanging in there longer than we had projected,' the 'capital goods markets are not moving enough to create a significant strength in the first quarter' of 1982."

"Mr. Greenspan said he thought that movement in the gross national product for the third quarter of 1981 would be 'very close to zero.' The economic figures for July, he said, were below the second-quarter level."

"Asked if he, like the Administration, expected the fourth quarter to be positive, Mr. Greenspan replied: 'If it is, not by much.'" (The New York Times, 9/3/81)

JOHN D. PAULUS

"In a similar vein, John D. Paulus, the chief financial economist at Goldman, Sachs & Co., notes that 'the tax cuts are so much bigger than the spending cuts—a situation that, he contends, 'implies large budget deficits.' He also cites major 'contingent liabilities,' such as possible needs to bail out the ailing savings and loan industry and also the Social Security system."

"The financial markets are very concerned about the Reagan program and the prospects for very large budget deficits extending out for several years,' Mr. Paulus says. Investment managers are 'increasingly concerned that the Reagan program isn't a serious effort to fight inflation—and may turn out to be inflationary itself.'" (The Wall Street Journal, 8/28/81)

DONALD E. MAUDE

"Economists particularly question the Reaganites' budget projections. For example, Donald E. Maude, the chief financial economist at Merrill Lynch & Co., says he is 'very disappointed' by the continued suggestion by administration officials this week that the federal deficit in fiscal 1982, which begins October 1, will be about the \$42.5 billion originally forecast. 'Almost every private analyst knows the deficit is going to be at least \$60 billion—and you'd think the administration is aware of this,' Mr. Maude says."

"Either they aren't being honest to the market, or they don't have a handle on the budget—and either of those (possibilities) is highly disconcerting,' he concludes." (The Wall Street Journal, 8/28/81)

ALVAN MARKLE

"'You're seeing a classic case of "crowding out" in the fixed-income market,' Alvan Markle, who heads municipal research for Butcher & Singer Inc., said. 'The Treasury always gets its money, while corporations and municipalities scramble for what's left.'"

"In his view, the worst is not over. 'I think all interest rates are going to rise further this autumn,' he predicted." (The New York Times, 8/25/81)

WILLIAM M. LEFEVRE

"Wall Street likes to see results and the Reagan Administration has got a major problem with credibility,' William M. LeFevre, a vice president at Purcell, Graham & Company, said yesterday. 'The question is no longer whether the Administration can balance the budget—it's now doubtful that a balanced budget could be achieved by 1984—but whether the whole supply-side concept will ultimately work.'" (The New York Times, 8/26/81)

JAMES J. O'LEARY

"As James J. O'Leary, economic consultant to the United States Trust Company, observes, the collapse of the long-term bond and mortgage markets looks like a permanent revolution, dangerous to United States growth, as the big traditional investors in long-term obligations are cutting back in the interest of their own survival. Mr. O'Leary warns: 'Unless investors can be convinced that the odds are that the rate of inflation can and will be brought down significantly in the period ahead, the erosion in availability of fixed-rate, long-term funds will continue and long-term interest rates will move to even higher levels.'" (The New York Times, 9/2/81)

ALAN LERNER

"The Fed can decide to monetize this huge debt,' says Bankers Trust Company money-market economist Alan Lerner, 'but if it does, it can kiss the long-run economic outlook good-bye.' Lerner, like Kaufman, believes that 'we will see historical highs in interest rates before the year is over.'" (New York Magazine, 8/3/81)

EDWARD YARDENI

"Whereas the consensus has been that the economy is remarkably resilient in the face of these high interest rates, we are finding that the economy has turned much weaker as a result of the Fed's aggressively tight monetary policy,' says Edward Yardeni, the chief economist at E. F. Hutton. 'A decision has been made in Washington to deliberately engineer a period of protracted economic slack,' he notes. 'But the Fed, we've learned, if it errs, is going to err on the side of being too tight rather than too easy.'" (New York Magazine, 8/3/81)

DENNIS FARNEY

Dennis Farney, a columnist for the Wall Street Journal, says in his 8/31/81 column: "Indexing—combined with an unforeseen Minnesota recession—has been a political and budgetary disaster. There may be lessons here for President Reagan, who's just starting down the indexing path. . . . You can't help wondering: Is there a parallel here to President Reagan? Here in St. Paul, as in Washington, optimistic economic projections undergirded the indexing plan. The conventional wisdom was that Minnesota's diversified economy was all but recession-proof. The conventional wisdom was wrong."

JAMES K. CAPRA

Vietnam kicked off the current inflation, and the Reagan military buildup in the midst of huge tax cuts could give inflation another cruel twist. An analysis by James R. Capra in the current Quarterly Review of the Federal Reserve Bank of New York finds that the Reagan military buildup, con-

concentrated in procurement, "will apparently far exceed the Vietnam procurement increase."

WASSILY LEONTIEF

Wassily Leontief of New York University, who won the Nobel Memorial Prize in Economic Science for his analysis of interindustry flows, has warned that enormous new military outlays will concentrate scarce capital in the military area and "will starve the rest of the economy on the investment it desperately requires to remain competitive in the tightening worldwide market."

ANTHONY LUDOVICI

Anthony Ludovici, vice president of Tucker, Anthony & R. L. Day Inc., said that prevailing high interest rates and a rapidly slowing economy that seemed to be bordering on another recession "is putting considerable downward pressure on the stock market."

LEONARD BROOKS

Leonard Brooks, Jr., investment strategist of Cowen & Company, said that the market would continue to decline until the rate of return on investment funds "narrows between money market funds and equity yields."

JAMES R. SCHLESINGER

James R. Schlesinger, economist, and Cabinet officer under three Presidents including Acting Budget Director and, later, Secretary of Defense in the Nixon Administration recently characterized the Reagan tax bill as "likely to go down in history as the single most irresponsible fiscal action of modern times." In his Washington Post column, Schlesinger went on to say, "The fiscal consequences may be briefly, if sadly stated. Unless tax reductions are reversed—which seem unlikely—on the basis of present legislation and projected defense spending, the nation faces growing budget deficits of \$65 billion in 1982, \$90 billion in 1983 and \$120 billion in 1984. Non-defense reductions will be increasingly hard to achieve. Thus, only the total jettisoning of the Administration's goal of a balanced budget will permit even a modified defense buildup to survive."

THOMAS JOHNSON

Thomas Johnson, Executive Vice President of Chemical Bank, said: "The Reagan administration forecast a balanced budget based on unrealistic projections of growth and interest rates, and the bond market knows it." (The New York Times, 9/11/81)

ARNOLD X. MOSKOWITZ

"The new supply-side view is that deficits don't matter," says Arnold X. Moskowitz, first vice president at Dean Witter Reynolds. "We think that they do—deficits are simply not the hallmark of good economic management." (Newsweek, 9/21/81)

SAM I. NAKAGAMA

"Sam I. Nakagama, chief economist for Kidder, Peabody, argues that—far from doubting the Administration's veracity—the markets are taking Reagan at his word. They believe that there will be rising defense spending, that it will be difficult to make further cuts in non-defense spending and that we now have tax cuts that go on forever," he says. "That will all add up to deficits." (Newsweek, 9/21/81)

JACK W. LAVERY

"Lavery is executive vice president of Merrill Lynch Economics. 'There are some things that don't ring true in all of this. There is concern in the financial markets that Reagan's numbers don't add up,' he said." (The Philadelphia Inquirer, 9/11/81)

ROBERT H. CHANDROSS

"One big problem, said Robert H. Chandross, financial economist for Kidder, Peabody & Co., is the federal budget, which is being viewed in an increasingly gloomy way.

Speaking to a meeting of the Baltimore Economic Society, he said the budget now looks as though it may stay in a large deficit position for a long period of time.

"He based that pessimism on several factors.

"One is doubt that the U.S. economy will provide robust growth or sharply reduced inflation in the near future. His forecast calls for 'modest' real economic growth (after inflation is subtracted) of 2-to-2½ percent a year between now and the end of 1982. Inflation will not decline much, remaining at an annual rate of 8½-to-9 percent, he said.

"Another problem, according to Mr. Chandross, is that interest rates are unlikely to drop much. He said any decline in short-term rates is likely to be small and of brief duration, and the drop will be reversed by early next year with rates by then 1 or 1½ percentage points higher than they are now.

"Beyond that, the final version of the administration tax bill Wall Street earlier had cheered now looks like 'they're giving away the store,' Mr. Chandross asserted. Government revenues will be reduced substantially and spending cuts will be limited by the political problems of cutting expenditures for the defense or Social Security programs, he said.

"He said that as a result of all those factors, which are part of the transition toward a different kind of economy than in the past, the Reagan administration already may be considering some tax increases. It now accepts, according to Mr. Chandross, that there will be large deficits and inflation during the economy's transition years." (The Baltimore Sun, 9/11/81)

DONALD MILLER

"Says Donald Miller, vice chairman of the Continental Illinois Corp.: 'Supply-side economics has been oversold, and people have come to expect too much.'" (Time, 9/21/81)

MARTIN FELDSTEIN

"Adds Conservative Economist Martin Feldstein, president of the National Bureau of Economic Research: 'I think the Administration hurt itself by a series of unbelievable statements, starting with those optimistic forecasts about growth of the economy.'" (Time, 9/21/81)

ROBERT LUCAS

"Said Robert Lucas, professor of economics at the University of Chicago: 'This Administration has committed itself to a whole series of tax cuts, and it's going to be hard as hell for them to reverse course. They have locked themselves into some very tough arithmetic, especially since they have been overoptimistic about the benefits of the tax cuts.'" (Time, 9/21/81)

FRANCIS H. SCHOTT

"Says Francis H. Schott, chief economist for the Equitable Life Assurance Society: 'Guys like Economist Art Laffer and Congressman Jack Kemp are O.K. to have around as long as you just take note of what they say and look for the kernel of truth in it. But you don't necessarily do what they prescribe. That's just a prescription for disaster.'" (Time, 9/21/81)

AUDREY FREEDMAN

"It might be easier politically to rescind part of the tax cuts," said Audrey Freedman, labor economist at the Conference Board, a business-sponsored economic research organization, "than go through the additional cutbacks in defense and social program spending that will be required if the President is to reach his deficit target; something is going to have to give." (The New York Times, 9/15/81)

LEONARD SANTOW

"What we are really talking about," said

Leonard Santow, senior vice president and economist for the J. Henry Schroeder Bank and Trust Company, "is a complete reassessment of the entire Reagan program and the premises upon which it was based."

"In his view, the Administration is 'finally coming to realize what the financial markets realized a long time ago: that the tax cuts have tied their hands on the receipt side.' He said, 'Unless they cut more spending or introduce some new form of taxation, the Government deficit in fiscal 1982 will be an inflationary \$15 billion to \$20 billion more than the \$42.5 billion they have projected.'" (The New York Times, 9/15/81)

Mr. EAGLETON. Finally, Mr. President, what the Reagan administration is faced with is an internal economic war amongst its own key people.

On the one hand, you have the JACK KEMP "monetarist school"—including Sprinkel, Ture, and Roberts at Treasury—who believe, to use Mr. KEMP's own phrase, that "Republicans no longer worship at the shrine of a balanced budget."

On the other hand, you have some "traditionalists" like Secretary Regan and OMB Director Stockman who do believe that huge deficits mean a hell of a lot.

The Reagan administration, first of all, must resolve its own economic civil war. After it has done that, it then must face up to the incredible revenue drain caused by the bloated \$750 billion tax cut, recently enacted into law. If defense spending is still an "untouchable"—the President's slight nudge of a \$13 billion defense cut over 3 years so indicates—then the President must contemplate increasing Federal revenues or making such draconian domestic budget cuts as are almost too frightening to contemplate.

As Henry Kaufman has said in a recent Newsweek interview:

We are in a difficult position, from which we have limited chances to extricate ourselves unless we take draconian measures.

ORDER OF PROCEDURE

Mr. CRANSTON. Mr. President, I yield back the time that was allocated for Senator HOLLINGS. He will not speak this morning.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 5 minutes with statements therein limited to 1 minute each.

THE DEVASTATING EFFECT OF HIGH INTEREST RATES

Mr. BOREN. Mr. President, each day when I rise to speak about the devastating effect that high interest rates are having on the economy, I do so with the hope that I can bring good news to my colleagues in the Senate. News that interest rates are coming down or that the administration is proposing some action that will lead to that desired result.

Unfortunately, each day I have only been able to recite a litany of worsening

economic conditions and continued stubborn inaction by the administration. Such is the case today.

The announcement was made today that the home mortgage rate last month increased another full percentage point to 17½ percent. That is a record high for Government-backed home mortgages. It means that young farm couples in Oklahoma and others across the country are 1 percent further away from ever hoping to own their own home. This is a tragic commentary on the economy of the greatest Nation in the world.

One might expect the administration to take note of this latest worsening of the interest rate vice. However, that does not seem likely in view of the most recent statements by the Secretary of the Treasury, Donald Regan.

Mr. Regan this morning reiterated that he sees no signs that the Federal Reserve Board will lessen its monetary policy. Indeed, with the apparent approval of the Secretary of the Treasury, there is little hope that the Fed will ease the tight money policies it has pursued, even in the face of this latest evidence that we are moving rapidly in the wrong direction.

Frankly, Mr. President, it is entirely proper to begin to wonder whose side the Secretary of the Treasury is on. There are a considerable number of people who look at Secretary Regan and see a person who aggressively supported money market strategies in the past and many are expressing concern over whether he understands or has compassion for the average American citizen's economic difficulties in these times.

When these sorts of questions are asked of me by people in Oklahoma, or in other parts of the country, I must confess I am at a loss for a proper response. I would hope that such questions could be answered with reassuring words, but if the old adage that "actions speak louder than words" is true, then such speculations about the Secretary of the Treasury become hard to refute.

In any event, if the home mortgage rate continues to climb then the proper and indeed the only place to find a short term solution to the high interest rate dilemma lies with the administration. That solution will not be found in the not-so-tacit approval of the actions of the Federal Reserve Board by the administration's chief economic spokesman—the esteemed Secretary of the Treasury.

THE PRODUCTION AND DEPLOYMENT OF NUCLEAR WEAPONS

Mr. LEAHY. Mr. President, in Vermont and throughout the United States, there is a growing awareness of the danger posed to all of us by the unrelenting production and deployment of nuclear weapons. I share this concern, and ask unanimous consent that the following article which I wrote for the Burlington (Vt.) Free Press on August 6, 1981, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

WE CAN PULL BACK FROM BRINK OF NUCLEAR WAR

(By PATRICK J. LEAHY)

In his recent television series on the cosmos, Professor Carl Sagan offered a startling idea: in our universe, thousands of planets have developed great civilizations, mastered the atom, and then destroyed themselves. Only a few have escaped this cycle of progress and self-immolation.

Sagan's speculation is designed to shock whether it is valid or not. In one respect, however, it is also right on the mark. Our own planet has reached the nuclear threshold. The superpowers have developed a capacity to destroy each other and much of the rest of the world, and that awesome capacity continues to grow. Without major change, today's generation faces the probability of a nuclear war which could leave the earth virtually uninhabitable.

This frightening prospect overwhelms all other issues. Inflation, unemployment, deprivations, violence in our society, the population explosion and the depletion of our natural resources—these are all secondary in importance to the threat of nuclear war.

We prefer not to talk about the prospect of the self-destruction of our civilization, not only because we recoil at the thought of a holocaust, but because questions of nuclear proliferation and verification are so difficult to understand.

The prospect of nuclear war is so frightening that we prefer to think it could never happen. We hope the next generation will discover new ways to render nuclear weapons inert before they reach their target.

All of this is wishful thinking. Already the danger of nuclear war is a "clear and present" one and not simply a contribution to fiction horror stories.

I cannot cover all facets of the nuclear weapons debate here in a few paragraphs, but I would like to begin a discussion of the issue by concerned people in Vermont.

My own interest also reflects a growing concern that by ignoring the nuclear nightmare we have, in effect, heightened the danger that we will delay beyond the point of averting calamity. In this article, I hope to outline the principal parts of the debate as I see them, and to invite Vermonters' discussion.

Some basic premises are in order. The first is that nuclear proliferation and arms control cannot be considered in a vacuum. We have compelling and legitimate foreign and defense needs and we must address a wide and growing range of problems at home and abroad at the same time as we take a good hard look at the danger of nuclear war.

Second, we must realize that there are no simple or final solutions, whether they be unilateral disarmament at one extreme or a frenzied arms race on the other. Simple solutions serve only to hide the complexity of the problem, and they distract us from the painful and thorough examination of options needed.

Third, reasonable options have both merits and drawbacks, and our choices must take this into account.

Fourth, we must recognize that reining in the nuclear arms race is a moral imperative as well as a political goal.

What are our options? Two options are clearly unacceptable: unilateral disarmament and undisciplined expansion of our nuclear arsenal.

I lack any faith that the Soviet Union would follow the example of unilateral disarmament. At the other extreme, a policy of nuclear arms expansion and no negotiations, at least until the United States has established a clear superiority in nuclear weapons, won't work.

Not only is such a goal unattainable with today's technology, but this policy would

delay the resumption of substantive negotiations for at least several years. This raises the possibility of a nuclear confrontation in the interim. It also means that yet another generation of sophisticated and extraordinarily expensive weaponry on both sides would be in place to complicate negotiations.

I would hope this country would not naively trust the Soviet Union without verifiable safeguards. At the same time, we must assume that the Soviets, like us, know it's in their best interest to have a cap placed on the arms race, and that the Soviet leadership is prepared to share with us the heavy responsibilities of making a settlement work.

We have already seen, nonetheless, how difficult it is to negotiate with the Kremlin, and we must face problems posed by a search for a satisfactory verification system.

We want an early and even dramatic pull-back from the abyss of nuclear war, but we also need to resolve difficult technical problems. We must keep in mind the interests of our allies, and recognize the chilling fact that other nations are taking out membership in the nuclear club.

At the risk of oversimplification, I see four bilateral, general proposals deserving serious consideration: (1) a moratorium on the production and installation of new weapons systems; (2) an across-the-board reduction of all nuclear (and perhaps conventional) weapons systems; (3) a reduction of nuclear weapons (and possibly non-nuclear weapons) and forces in a particular geographic region, especially Western and Eastern Europe; (4) ratification of a Strategic Arms Limitation Treaty and an early start on another round of negotiations.

In each case we must be absolutely certain that there are adequate means to insure that the reduction in armaments is equitable, that the Soviet Union complies with the agreement and that the relationship with the Soviet Union is not based simply on trust.

Each option, of course, raises serious problems. Would a moratorium on production and deployment of nuclear weapons grant the Soviet Union a substantial advantage in the European theater? Would the Soviet Union be able to accommodate its concern about China in proceeding with an across-the-board reduction? How useful would a European theater reduction be in the context of an escalation of the arms race elsewhere?

Finally, how much enthusiasm exists within the Reagan Administration for a resumption of SALT talks? It is quite clear that prospects for ratification of SALT II are remote, and that some administration advisers are urging an extended delay before beginning new talks. It would be a shame to lose the momentum towards a settlement established in early negotiations.

The list of problems is very long indeed. But time is short. If we allow ourselves to be overwhelmed by the political and technical problems posed by any effort to reverse the nuclear arms race, we will further reduce the prospects of avoiding a catastrophe of proportions never before faced by mankind.

Pessimists say that the march to destruction has already proceeded to a point where it cannot be reversed, that the Earth will be counted among those civilizations of Professor Sagan's hypothesis which failed to curb the destructive use of nuclear power.

Optimists believe that there is still a chance to pull back from the brink. If we have the will we can prove the optimists right.

THE NEW ECONOMIC RHETORIC

Mr. HOLLINGS. Mr. President, this spring, the Reagan administration told the country how to get itself out of its se-

rious economic difficulties. The President asked Congress to enact massive spending cuts and to pass a large tax cut. He promised that this combination would restore the country's economic vitality and bring us to the promised land of a balanced budget by fiscal year 1984. Congress complied by doing just what the President asked. We gave him the largest budget cuts in history. We gave him the Reagan-Kemp-Roth tax cut. The President left town in a blaze of glory at the end of July, and Congress basked in the reflection.

Supposedly, the corner had been turned and the economic atmosphere had been completely changed. All would be well, we were assured by the apostles of the new wisdom. The unity of theory and practice had finally been achieved in the theology of supply-side economics—the faith of George Gilder made tangible by the good works of David Stockman.

Not all of us, of course, were taken in by the new economic rhetoric. And now, our fears are proving to be true. Just 1 short month after passing all of the administration's economic program, those promises of a corner turned and an economy invigorated ring hollow. The stock market has dropped out. The prime interest rate remains above 20 percent. Ninety-day Treasury bills draw over 15 percent interest. And we end the fiscal year with the discouraging news that instead of budget deficits shrinking, the prognosis is for far more red ink than the administration had ever planned on. Instead of the \$42.5 billion deficit predicted by the administration as late as just a few weeks ago, we are now looking squarely in the face of a 1982 deficit of as much as \$65 billion. It gets worse, not better, in the outyears—as much as \$70 billion in 1983 and \$80 billion and more in 1984. No wonder Wall Street is not convinced. No wonder the market has dropped 100 points since August. The bottom line of the national budget is not improving. All the trauma of cutting programs we have been through in recent months, all the lobbying and cajoling have yielded no improvement in the bottom-line figures.

By irresponsibly diminishing Government revenues, and by promising guns and butter both via increased defense expenditures and decreased taxes, the Reagan administration is inevitably headed toward 4 more years of busted budgets and high inflation. Dress it up in the fancy new title of supply-side economics, present it as a revelation from on high, paint it how you want—it is the same old tired economic practice that has been tried and found wanting for a decade and more.

"The old business as usual treatment can't save us," President Reagan told the Nation on February 5. And then he prescribed, you guessed it—business as usual. For a Congress that had cut income taxes in 1964, again in 1969, again in 1971, twice in 1975, again in 1976, again in 1977, and again in 1978, there was no novelty in the Reagan proposal for yet another reduction in tax revenues.

Fundamental flaws inhered in the Reagan administration approach to budgeting and taxes.

Flaw No. 1 was the idea that by spending cuts alone we could achieve a balanced budget. I applaud the President for his diligence in helping the Congress cut \$35 billion in 1982 through the reconciliation bill. Last year, you may remember that the Democratic controlled Congress enacted reconciliation cuts reducing \$8 billion from the deficit. The main point, however, is that we have been fooling ourselves. We have been cutting programs right along, and congratulating ourselves on the cuts. But we are almost to the point of trying to get blood out of the turnip. There is not much there.

There is still the need for additional budget cutting, but we will not reach a balanced budget with spending cuts alone. In order to eliminate the kind of deficits we are looking at now, and still preserve funding for defense and interest payments in the social "safety net" that the President has promised to maintain, we would have to cut approximately 60 percent of the rest of the budget in 1984. No Congress is going to make cuts on that order and no President is going to propose them.

Flaw No. 2 was the decision that entitlement and tax expenditure programs were sacrosanct. Nobody underestimates the difficulty of tackling entitlements. Certainly I do not underestimate them. But the lesson of all the budget exercises we have been through thus far in 1981 is clear: There is no painless way to balance the budget. It cannot be done by sleight-of-hand, public relations wizardry, or fine tuning. It requires a frontal assault against the excesses which have pushed your Government and mine to its present budgetary condition. But the President chose not to lead, and not unexpectedly, Congressmen and Senators were not championing at the bit to take this one on without Presidential support.

Flaw No. 3 is the proposal to impound spending. Rather we should be impounding the tax cut. The impoundment proposal assumes, Mr. President, that the Congress is going to appropriate more than is needed. There is nothing in the record of this Congress to support such an assumption. Consequently, there is no reason to give the President blanket power to impound spending. Uncontrolled Presidential impoundment would destroy the discipline of the budget process.

I was here when Congress reasserted its constitutional prerogatives in fiscal matters against the illegal and unprecedented actions of the Nixon administration. I did not participate in that exercise only to relinquish the same power in September 1981. There is talk of the administration's courage and bravery because it is willing to take this responsibility. There is talk about a proviso that both Houses have a veto over any impoundment, so that we would have a shared responsibility. That is the typical Washington solution—a shared approach with no fixed responsibility. It is bad. It breaks our fiscal discipline

and destroys the credibility of the budget process we have worked so diligently to vindicate. How much better to have a fair fight, an up or down vote, on the appropriation bills, and let the President, if he thinks there is too much money appropriated in any bill, veto it. I believe the mood in these Halls is such as to sustain such action.

The summer confidence of August has turned to the doubting despair of September. It is apparent that the administration underestimated the magnitude of the economic problems it confronted. It is clear that it is not just a matter of time until the new policy takes hold and turns America around. It is obvious that tinkering and patchwork and fine tuning cannot salvage the misbegotten economics of the new theorists. It is not so simple as designating a sweepstakes winner in the Stockman-Weinberger debate.

White House and Capitol Hill are a cacophony of conflicting voices. The majority leader tells the Senate that Wall Street is addicted to the heroin of high interest rates. The chairman of the Budget Committee advocates the McGovern program of cutting \$30 billion from defense. Every day brings its new confusion and I am reminded of the old saying aboard ship, "When in danger, when in doubt, run in circles, scream and shout." What is wanting is not proposals, but a comprehensive proposal. What is wanting is not the desire for a solution, but the realization that there is no painless, piecemeal solution. The only viable approach is a comprehensive package addressing the stark budget choices we confront. In such a comprehensive solution, we will find real reconciliation. The second concurrent budget resolution which this committee begins to address today offers us the opportunity for that kind of reconciliation.

Early on, President Reagan said: "If you do not like my plan then submit an alternative." That is the kind of politics I understand. I submitted an alternative solely on the supply side, limited to \$20 billion, rewarding savings and stimulating investment. That plan failed in spite of the fact that a majority of my Democratic colleagues here favored it. In the same spirit of trying to be constructive and of responding to the compelling urgency of the situation, I am today proposing a comprehensive package which I hope will eventuate as part and parcel of the second concurrent budget resolution. I would hope that the experience of the past few weeks would lend credence to the effort.

Everyone around this table has been home during the recess and knows the stark impact of high interest rates on his or her constituents. Everyone around this table now understands that Wall Street and the financial community in general cannot be persuaded by pious musings and "sophomoric psychology." We should all be able to see as of September 15, 1981, the effects of the President's program: Huge deficits, stretching out as far as the eye can see, to the tune of \$60, \$70, \$80, perhaps \$100 billion and it is not just Wall Street that is affected by those defi-

cits, because when the Government goes out to borrow the funds, private investors and consumers all across this land are unceremoniously bumped out of the capital market.

Let us tell it like it is—the administration assured us that if only Congress would put the program in place, the economy would respond with a rush of new activity. The assurance was wrong. The economy has responded with incredulity. We cannot wait 6 months more for results. Interest rates are at their highest level in history, the housing and automobile industries are at rock bottom levels of activity. Congress is faced with the urgency in this second budget resolution not of fine tuning a game plan whose wisdom is already vindicated—it is faced instead with the need to remedy the defects of the program so recently approved. I believe that the package I am proposing today provides this remedy.

I have two tables which summarize my proposal and I ask that they be inserted at this point in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

REVENUE AND SPENDING CHANGES

	Budget impact (in billions)		
	1982	1983	1984
REVENUE CHANGES			
Smaller personal tax cut (5/5/5 percent).....		+\$25.0	+\$40.0
Repeal indexing provision in tax bill.....			
Repeal oil industry tax breaks.....	+\$1.3	+1.7	+2.2
Repeal deduction for intangible drilling costs.....	+3.0	+3.5	+4.1
Windfall profit on natural gas.....	+15.0	+12.0	+9.0
Repeal consumer debt interest.....	+6.0	+7.1	+8.0
Total, revenue changes.....	+25.3	+49.3	+63.3

SPENDING CHANGES			
President's defense budget.....	-2.0	-5.0	-6.0
Reduced interest costs from lower interest rates.....	-6.0	-9.0	-12.0
Total, spending changes.....	-8.0	-14.0	-18.0
Total, reduction in the deficit.....	-33.3	-63.3	-81.3
Federal budget surplus or deficit (-):			
Using CBO economic assumptions.....	-32.0	+8.0	+31.0
Using Hollings economic assumptions.....	-42.0	-17.0

ECONOMIC ASSUMPTIONS

[Calendar years]

	1981	1982	1983	1984
Real GNP (percent change):				
Hollings.....	2.0	1.6	3.2	3.0
CBO.....	2.3	3.1	4.1	4.0
Administration.....	2.6	3.4	5.0	4.5
Consumer prices (percent change):				
Hollings.....	9.9	7.9	7.6	7.4
CBO.....	10.1	7.2	7.0	6.2
Administration.....	9.9	7.0	5.7	5.2
Unemployment rate (persons):				
Hollings.....	7.4	7.7	7.4	7.1
CBO.....	7.4	7.3	6.9	6.5
Administration.....	7.5	7.3	6.6	6.2
Treasury bill rate (percent):				
Hollings.....	15.0	14.2	12.7	11.7
CBO.....	14.5	12.4	11.4	10.1
Administration.....	13.6	10.5	7.5	6.8

Mr. HOLLINGS. Now, Mr. President, let me elaborate a little on these various points.

My first proposal would be for a smaller personal income tax cut. We simply cannot afford a large across-the-board personal income tax reduction. I like tax cuts. All politicians like tax cuts. But when we are increasing defense spending by \$100 billion by 1984, how can we afford to cut taxes by \$150 billion? Something has to give; the numbers in the President's plan just do not add up to a balanced budget. And a balanced budget is what the people of this country want and what our economic condition compels. In poll after poll last year and this, the people put a balanced budget at the top of their list of priorities, followed by increased defense spending. To be sure, tax cuts are desired, but not before we balance the budget. The American people know, just as Wall Street investors know, that you cannot live forever on borrowed money. A government cannot operate on borrowed money without destroying the private economy.

The situation is that we now have a tax law which does not please the very people the Republican Party wanted so badly to please—the business and investment community. It is not enough to say, "Wait, give it 1 more month or 2 more months or 6 more months." The country cannot wait. The atmosphere that was supposed to be created by the new tax law is myth. All the while, high interest rates are crippling our domestic economy and causing unprecedented havoc overseas.

What can be done about it? It is not too late, Mr. President. But we must act now. We must undo the damage of that tax bill—the one James Schlesinger called the "single most irresponsible fiscal action of modern times"—by reducing the size of the second and third years of the across-the-board cut by half.

The administration's tax cut has devastated the revenue posture of the Government. The tax cuts cost us \$93 billion in 1983, \$150 billion in 1984, \$199 billion in 1985, and \$266 billion in 1986. The only outcomes guaranteed by that kind of revenue loss are budgeting in the red, high interest rates, and continued inflation. I worked on the last balanced budget we had in this country—the \$3.2 billion surplus which Lyndon Johnson bequeathed his successor in 1969. Now, under the program I am proposing today, we will have, after 15 years of deficits, a balanced budget for fiscal year 1984. The American people will support this proposal because they understand that the alternative is high interest rates. They will support it because they understand that in the present environment, Kemp-Roth tax cuts provide no genuine relief. Once the budget is in balance and Government's fiscal house is in order, we can proceed with the kind of thoroughgoing and genuine tax relief which all of us want to have.

Second, I propose the immediate repeal of the ill-considered and hastily enacted provision for indexing the income tax. Indexing, scheduled to take effect beginning in 1985, was the most irresponsible provision of all in a bill made distinctive

by its irresponsibility. If we start indexing tax rates, we will soon be unable to pay for even the barest-boned Federal Government, national defense, and social security. I think even George Gilder would agree we need those programs.

Third, I also recommend repeal of the oil provisions that were included in the tax bill. Quite candidly, I think that the Congress put politics above reason when it included the royalty income, stripper well and new oil provisions in the tax act of 1981. How can the Congress justify such tax expenditures in light of the budget reductions that were just approved in the Reconciliation Act of 1981? Big Oil is making obscene profits. How can we propose reductions in social security and child feeding programs and at the same time give independent oil companies and royalty owners these unwarranted tax breaks? How can a Member of Congress say that he or she is for a balanced budget in fiscal year 1984 and then turn around to spend \$11.6 billion which can only exacerbate the deficit? The inclusion of these provisions in the tax bill was neither sound economic policy nor sound energy policy. I therefore recommend that these provisions be brought to the floor for reconsideration in the form of an amendment repealing the appropriate tax provisions.

Fourth, I propose repeal of that provision of the internal revenue code of 1954 to eliminate the expensing of exploration and development costs of oil, gas, and mineral extraction. Since this tax expenditure was enacted, it has been justified as the stimulus to mineral exploration. However, since 1954 there have been significant changes in the energy situation of the United States. I need not recall all of these changes, but they eventually, as we all know, in decontrol. Yet, despite all of these changes and despite "decontrol," the "intangible drilling cost" provision remains on the books. Presently, approximately 99 percent of the revenue loss associated with intangible drilling costs involves oil and gas exploration, and this loss is now equivalent to \$3 billion per fiscal year.

Fifth, I have long been and continue to be an ardent opponent of the decontrol of natural gas. The gas companies, and the oil companies which are entering the gas business very heavily, are making billions on natural gas in the present environment. However, it is apparent also that the administration will soon submit, and the Congress will approve, legislation decontrolling natural gas. I have therefore come to the conclusion that we should proceed with immediate decontrol and with a windfall profit tax to mitigate the impact of decontrol. I would initially propose that this tax be for a period of 5 years or until such time as \$40 billion in revenue has been raised.

I continue to be concerned with the impact natural gas decontrol will have on consumer purchasing power, especially low income residential consumers, and on the economy as a whole. Nevertheless, I can read the political omens and insofar as decontrol is concerned, the future

is almost now. The only way to achieve decontrol while attempting to minimize its impact on the economy and on the consumer is to implement a natural gas windfall profit tax. Not only would this mitigate some of the unforeseen consequences of natural gas decontrol, but it would also provide needed revenues, thereby substantially reducing the Federal deficit.

My sixth proposal is repeal of the consumer debt interest deduction. At a time when we are trying to balance the Federal budget and promote investment and savings, it no longer makes sense to encourage consumers to make all of their purchases on credit by allowing the interest on this debt to be deducted from taxable income. An economy concerned with increasing savings and productivity should not be in the business of allowing a tax write off for interest paid out while at the same time it taxes interest income. So, this change would be sound public and economic policy. Additionally, it will return \$21 billion to the Treasury over the next 3 years.

Seventh, my proposal would go along with the President's recent announcement to reduce the size of the increases in the Defense budget. We can afford a few savings in this area, while still increasing overall Defense expenditures by 7 percent a year.

Finally, the above proposals translate into lower interest costs because of a decline in interest rates. The tax changes I have proposed today represent a responsible fiscal policy—the kind of fiscal policy which will open the way toward an eased monetary policy. No longer will the burden fall exclusively on the monetary side. Instead fiscal and monetary policy will be working together to achieve the kind of economic stability which has been so sadly wanting in America these past 15 years.

The bottom line of the Hollings plan, using the economic assumptions of the Congressional Budget Office, is a budget in balance for fiscal year 1983. There are those, myself included, who believe the CBO assumptions are optimistic, even though they are not nearly so rosy as the administration's. But even under the less optimistic assumptions that I have prepared, we would still achieve a balanced budget for fiscal year 1984. This plan may strike some as being politically unpalatable, but it strikes me as economically and politically imperative. We are at a true crossroads in public policy. The decisions we will be making this month and next will determine the future—America's future. Let us seize the moment boldly and enact the kind of comprehensive program which alone can get America moving again.

It requires no revelation from on high, no bright new economic insight, to fathom whither we must go. It requires only an appreciation of the good sense of the American people. They know what needs to be done in 1981 and they will sacrifice to achieve success. Sacrifice is the offspring of leadership, and

the present leadership in both the executive and legislative branches will fail America unless it faces up to the difficult choices confronting Government today. We in the Congress will shortly begin writing the next chapter of the story. I hope it is a chapter of vindication for a Government that has too often in the recent past failed to discharge its solemn responsibilities.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The period for morning business is concluded.

AGRICULTURE AND FOOD ACT OF 1981

The PRESIDING OFFICER. Under the previous order, the hour of 11:15 a.m. having arrived, the Senate will now resume consideration of the pending business, S. 884, which the clerk will state.

The legislative clerk read as follows:

A bill (S. 884) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes.

The Senate resumed consideration of the bill.

PREVENTED PLANTINGS

Mr. COCHRAN. Mr. President, a question has come up with regard to the interpretation of the language for the acreage reduction program which makes the authority of the Secretary unclear.

Specifically, when the Secretary announces an acreage reduction program off last year's acreage, he can take into consideration any prevented plantings a farmer may have encountered.

The Secretary also has the option of requiring farmers to reduce acreage from the average planted in the 2 previous years.

However, there is some question whether or not the Secretary can adjust for any prevented plantings when using the 2-year average.

Mr. President, I would like to ask the managers of the bill if it is their understanding that, when the 2-year average is used, the Secretary may take into consideration prevented plantings in each of those years.

Mr. HELMS. Mr. President, the Senator is correct. It was the intention that the Secretary would have the same authority to adjust for prevented plantings when he uses the 2-year average acreage as he would when only using the previous year's acreage as the base.

Mr. HELMS. Mr. President, I yield to the distinguished Senator from Iowa (Mr. JEPSEN).

UP AMENDMENT NO. 356

(Purpose: To revise the dairy price support provisions)

Mr. JEPSEN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Iowa (Mr. JEPSEN) proposes unprinted amendment numbered 356.

Mr. JEPSEN. Mr. President I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 134, beginning with line 13, strike out all through line 12 on page 135 and insert in lieu thereof the following:

"Sec. 103. Section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended by—

"(a) deleting everything after the first sentence in subsection (c) and inserting in lieu thereof the following:

"Notwithstanding the foregoing, for the period beginning October 1, 1981, and ending September 30, 1985, the minimum level of price support for milk shall be 70 percent of the parity price therefor: *Provided*, That whenever the Secretary estimates that the net cost of Government price support purchases of milk or the products of milk will exceed \$750,000,000 if the support price for milk is established at the level required by the foregoing provisions of this subsection, such level of support may be adjusted to the extent the Secretary deems appropriate but not to a level less than the support level for the prior marketing year: *Provided further*, That the support price shall in no case be less than \$13.10 per hundredweight of milk containing 3.67 percent butterfat: *Provided further*, That the level of support for milk for the remainder of the 1981-82 marketing year may be adjusted in accordance with the foregoing although a level of support for such year has been established prior to the effective date hereof. Such price support shall be provided through the purchase of milk and the products of milk; and "(b) repealing subsection (d)."

Mr. JEPSEN. Mr. President, I am proposing an amendment today which would revise the dairy price support program. My amendment would give the Secretary of Agriculture discretion to set the price support level between 70 and 90 percent of parity for the next 4 milk marketing years. At no time could the support price during this period be below \$13.10 per hundredweight which is the current level. The Secretary would be authorized not to increase the level of support during any year in which net outlays for the program were projected to exceed \$750 million.

This amendment is designed to give the Secretary of Agriculture the needed flexibility to bring the cost of the dairy price support program under control and at the same time assure producers that their current level of support will not be reduced.

The dairy program has served this Nation well. Both consumers and producers have benefited over the long run. However, we have unfortunately reached a point in recent years where the costs of the program have become excessive. Production of milk has been expanding too rapidly—at a rate of about 3 percent per year. The increasing of prices of dairy products brought about by the support level increases of the 1977 Farm Act

have slowed consumption. Unfortunately, consumption of milk and dairy products dropped about 1 million pounds in 1980 and has held at that level until the present time. This has meant that the Commodity Credit Corporation has been forced to purchase vast quantities of nonfat dry milk, butter, and cheese.

For the current 1981 fiscal year CCC will remove 12.6 billion pounds milk equivalent from the market at a cost of \$1.986 billion. After taking into account sales receipts the net expenditure to the Commodity Credit Corporation for fiscal year 1981 is estimated to be \$1.886 billion. This is \$875 million more than was spent in fiscal year 1980 and \$1.3 billion more than was spent on the average during fiscal year 1976 through fiscal year 1980.

It was hoped that the legislation Congress passed last spring to forego the April 1 price support increase would slow the increase in production. However, the slowing in the increase in milk production that was expected has simply not materialized. Output per cow and cow numbers are still increasing at rates only slightly below those for the same period last year.

My amendment will help dairy producers work out of the problem of excess supplies. The cost of my amendment is about \$1 billion less than the current provision in S. 884 over the life of the bill and is more in keeping with the twin objectives of providing adequate support and reducing budget outlays.

During hearings on the farm bill, and even during committee markup, comments were made that action should be delayed on milk supports. A few held the belief that the dairy farmer would adjust to the current oversupply situation. Unfortunately, developments during the past few months have not been on the dairymen's side.

I shall make personal note at this point that I speak here in the Senate today as an individual who has immediate family on our family farm that have within the last year reentered the dairy business with a rather substantial investment.

I have visited with them about this, and with all my heart I can say that fresh milk, the dairy support program as it has been conducted in the past, has been healthy generally for this Nation.

We unfortunately have a situation with the combination of an economic recovery program and a redirecting of this country by way of economy and a huge surplus of milk and milk products that have resulted in the amendment that I am proposing this morning to be brought into focus, an amendment that I believe to be fair, an amendment that I believe to be workable, doable, and an amendment that will be commensurate with the entire climate of this administration, of this country, and one that will be fair in the long run to all people in milk production.

Milk production continues well ahead of last year. On August 1 production was 3.8 percent ahead of last year. Sales, on

the other hand, showed very little change.

I point out by way of facts for the record that these are not meant to be offered in any critical sense but in a very factual sense by way of backup for some of the reasons for proposing this amendment at this time.

Cow numbers are at their highest point since 1977, and the demand for replacements continues strong. Dairymen were paying an average of \$1,200 for milk cows on July 15—the highest for that date in history. This is double the amount paid just 3 years ago. These prices are firm despite record numbers of replacements available. The 4.6 million dairy heifers reported by USDA on July 1 represent one potential replacement for each 2.3 cows in milking herds. Thus, the industry not only has the largest number of heifers being saved but also has the highest ratio of heifers to milking cows in recent history—accompanied by record prices.

Meanwhile Government purchases and stocks of dairy products are setting new records. The milk equivalent of dairy products purchased through August 28 exceeded 12 billion pounds. Butter stocks on hand August 15 amounted to 440 million pounds versus 278 million last year. Cheese 542 million versus 198 million, and nonfat dry milk 755 million versus 597 million a year ago. Butter is 50 percent and cheese purchases are about 150 percent ahead of last year at this time and nonfat is up about 30 percent.

There is no indication production is moderating.

Mr. President, in closing I would just say this: That as a Senator with a constituency that is overwhelmingly agricultural, as a Senator who has direct agricultural and farming family interests, as a Senator from a great agricultural State, the State of Iowa, it gives me no great pleasure to offer an amendment which is somewhat more rigid in support than the proposal in the original S. 884.

I point these things out to you as a caution that this amendment has been agreed to and been accepted by the Department of Agriculture and this administration as fitting within the total scope of their entire budgeting program and the economic recovery program the President has espoused, and has had the overwhelming support of the people throughout this country as well as the obvious support from both Houses of this Congress by noting the votes on the tax reduction bill and on the reconciliation bill which, for the first time in history changed many hundreds of laws and entitlement programs that had been providing blank checks so that for the first time the Government can start doing what it ought to have been doing a long time ago, and that is handling the taxpayers' money as if it was their own and developing a climate and an atmosphere here that you do not spend more money than you take in over a period of time because you cannot do that and remain a viable institution or operation, I am

proposing this amendment today and hope we can pass this amendment and get on with this farm bill.

We have until the end of this month—we really do not have until that time—but at the end of this month I suggest that if we do not have a farm bill in place for the next 4 years, we will resort to and revert by law back to the 1949 farm legislation, which could be very, very expensive—in fact, it would be financially prohibitive in these times.

Let me conclude by saying that this is a bill which, in addition to setting various prices and supports and loans of various programs which are going to be debated, establishes a thrust and creates a climate which is a signal to the agricultural community in this country that the Department of Agriculture will serve and work as a partner in providing for what ultimately has to be the case in all agricultural activities, and that is a profitable economy.

Profit is the bottom line in farming as in everything else. We have had over the years cheap food policies, we have had over the years the Government interfering and tinkering with the closest thing to a free economy that we have, the farm law of supply and demand in marketing products.

Farmers have done a fantastic job at being the most efficient food producers in the world. They are the only part of our economy we have today which is highly productive and, as the breadbasket of the world, America's farmers produce enough food today. Each farmer now individually produces enough food to feed 60 other people. There is not anyone anywhere on the entire globe who comes close.

We want to encourage, we want to support with everything within my office, my constituency, and with every fiber of my body I will see that that is done. That I pledge.

I thank the Chair.

May I inquire of the distinguished chairman of the Committee on Agriculture what is his desire at this time as far as procedure on this amendment is concerned?

Mr. HELMS. I will say to my friend from Iowa, Mr. President, that there is consultation as to the next step in this process. It may be that the distinguished Senator from Minnesota will wish to address the Senator's amendment. The Senator's question might be more properly directed to Senator Dole.

In the meantime, Mr. President, I suggest the assembly.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I ask unanimous consent that the pending amendment be laid aside temporarily and that it be the pending business fol-

lowing an amendment to be called up by the Senator from Nebraska (Mr. ZORINSKY).

The PRESIDING OFFICER. Is there objection?

Mr. JEPSEN. Mr. President, reserving the right to object, may I inquire of the distinguished Senator from Nebraska and the distinguished Senator from North Carolina how much time they anticipate this may take? I advise the Senator from North Carolina that I am a cosponsor of the amendment that Senator ZORINSKY is advocating. Do the Senators anticipate any difficulty with this?

Mr. HELMS. As to time, Mr. President, I would say 5 to 10 minutes at the outside.

Mr. ZORINSKY. Not to exceed 5 minutes, Mr. President.

Mr. JEPSEN. I have no objection, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ZORINSKY. I thank the distinguished Senator.

UP AMENDMENT NO. 357

(Purpose: To reaffirm United States policy in fostering family farms and require that the annual report of the Secretary of Agriculture include an assessment of how tax, credit, and other laws affect the growth of non-family farm operations)

Mr. ZORINSKY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Nebraska (Mr. ZORINSKY), for himself, Mr. JEPSEN, Mr. HUDDLESTON, Mr. BOSCHWITZ, Mr. EKON, Mr. COCHRAN, Mr. HEFLIN, and Mr. HELMS proposes an unprinted amendment numbered 357.

Mr. ZORINSKY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 235, between lines 17 and 18, insert a new section 1112 as follows:

"REAFFIRMATION OF UNITED STATES POLICY ON FAMILY FARMS"

"SEC. 1112. Section 102 of the Food and Agriculture Act of 1977 is amended to read as follows:

"FAMILY FARMS"

"Sec. 102. (a) Congress hereby specifically reaffirms the historical policy of the United States to foster and encourage the family farm system of agriculture in this country. Congress firmly believes that the maintenance of the family farm system of agriculture is essential to the social well-being of the Nation and the competitive production of adequate supplies of food and fiber. Congress further believes that any significant expansion of nonfamily owned large-scale corporate farming enterprises will be detrimental to the national welfare. It is neither the policy nor the intent of Congress that agricultural and agriculture-related programs be administered exclusively for family farm operations, but it is the policy and the express intent of Congress that no such program be administered in a manner that will place the family farm operation at an unfair economic disadvantage.

"(b) In order that Congress may be bet-

ter informed regarding the status of the family farm system of agriculture in the United States, the Secretary of Agriculture shall submit to Congress, not later than July 1 of each year, a written report containing current information on trends in family farm operations and comprehensive national and State-by-State data on non-family farm operations in the United States. The Secretary shall also include in each such report (1) information on how existing agricultural and agriculture-related programs are being administered to enhance and strengthen the family farm system of agriculture in the United States, (2) an assessment of how tax, credit, and other Federal laws may encourage the growth of nonfamily farm operations and investment in agriculture by nonfamily farm interests, both foreign and domestic, and (3) such other information as the Secretary deems appropriate or determines would aid Congress in protecting, preserving, and strengthening the family farm system of agriculture in the United States."

Mr. ZORINSKY. Mr. President, in a time of decreasing farm prices and high interest rates, it is imperative to remember the importance of the backbone of American agriculture. Any farm bill must reaffirm the historical policy of the United States to foster and encourage the family farm system of agriculture in this country. I firmly believe that the maintenance of the family farm system of agriculture is essential to the social well-being of the Nation and the competitive production of adequate supplies of food and fiber.

Mr. President, the family farm has provided throughout our history as a nation the fundamental backbone of our great country. It has provided the structure for which our Nation became strong economically. And it especially provided—and continues to provide—our Nation with a resolute population with values that will continue to keep our Nation strong.

However, Mr. President, the past decade has seen a dramatic decline in the number of family farms in this country.

Any significant expansion of non-family-owned large-scale corporate farming enterprises will be detrimental to the national welfare, and it should be neither the policy nor the intent of Congress that agricultural and agriculture-related programs be administered exclusively for nonfamily farm operations. Such programs must not be administered in a manner that will place the family farm operation at an unfair economic disadvantage.

Most importantly, this amendment would mandate an assessment of how tax, credit, and other Federal laws may encourage the growth of nonfamily farm operations and investment in agriculture by nonfamily farm interests, both foreign and domestic.

Mr. President, in order that Congress may be better informed regarding the status of the family farm system of agriculture in the United States, the Secretary of Agriculture shall submit to Congress, not later than July 1 of each year, a written report containing current information on trends in family farm op-

erations and comprehensive national and State-by-State data on nonfamily farm operations in the United States. The Secretary shall also include in each such report:

First, information on how existing agricultural and agriculture-related programs are being administered to enhance and strengthen the family farm system of agriculture in the United States; second, an assessment of how tax, credit, and other Federal laws may encourage the growth of nonfamily farm operations and investment in agriculture by nonfamily farm interests, both foreign and domestic; and third, such other information as the Secretary deems appropriate or determines would aid Congress in protecting, preserving, and strengthening the family farm system of agriculture in the United States.

Mr. President, we need to have an annual assessment of how the laws that we pass in this body affect the very backbone of America's agriculture. We need to evaluate the effect these laws have on the family farm and its way of life that has sustained this Nation for over 200 years. We cannot afford to let the family farm become a relic of our past—instead, we need to insure that it has a long and healthy life as the sustainer of our crucial agricultural economy.

Mr. President, I understand that this amendment has been cleared with the Senator from North Carolina and that side of the aisle in addition to my own side of the aisle. I ask for its acceptance.

Mr. HELMS. Mr. President, if the Senator will yield.

Mr. ZORINSKY. Yes, I yield.

Mr. HELMS. Mr. President, I certainly am willing to readily accept the amendment on this side.

I ask the Senator to include me as a cosponsor.

Mr. ZORINSKY. It is an honor to include the Senator from North Carolina as a cosponsor. I ask unanimous consent that that be done.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I hope the Senators will read the text of this amendment as well as agree to it.

Mr. HUDDLESTON. Mr. President, on this side of the aisle we have examined the amendment. We are very pleased to support it and I am pleased to be a cosponsor. I thank the Senator from Nebraska for offering it to this piece of legislation. I recommend its adoption.

Mr. JEPSEN. Mr. President, I am a cosponsor. I ask unanimous consent that the distinguished Senator from Mississippi (Mr. COCHRAN) be added as a cosponsor.

Mr. ZORINSKY. The Senator has been added as a cosponsor.

Mr. JEPSEN. Mr. President, I congratulate the Senator from Nebraska for bringing this very important principle into focus. It is truly the family farm and small businesses that have been the

keystone to the economic stability and vitality of this great country of ours throughout hundreds of years. To emphasize and focus in on this again to remind us not only of our heritage but, frankly, "where it is all at" in our economy is refreshing in these times. I support the amendment 100 percent.

The PRESIDING OFFICER (Mr. KASTEN). The question is on agreeing to the amendment of the Senator from Nebraska.

The amendment (UP No. 357) was agreed to.

Mr. HELMS. I move to reconsider the vote, Mr. President.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 356

Mr. HELMS. Mr. President, what is now the pending business?

The PRESIDING OFFICER. The pending question is on agreeing to the amendment of the Senator from Iowa.

Mr. HELMS. I thank the Chair.

Mr. President, I yield to the Senator from Wisconsin.

Mr. PROXMIER. Mr. President, I am very much opposed to the pending amendment. It would be an absolute disaster for the Nation's dairy farms. As is well known, Wisconsin is an important dairy farming State. Our dairy farmers would suffer an enormous drop in their net income if this amendment should be adopted. Let me take just a minute to review the background of this situation.

As we recall, temporary legislation—that is, the 1977 4-year farm bill—raised minimum dairy price supports to 80 percent of parity until October 1981. We had midyear adjustments—that is, adjustments every 6 months—to reflect changing costs of production. Under this temporary legislation, the support price for manufacturing milk, which was 80 percent of parity on October 1, 1980, was to have been raised on April 1, 1981, to reflect production cost increases since October 1, 1980.

That increase was scrapped by legislation which the administration pushed, signed into law by President Reagan in his hospital bed on March 31, 1981, the day after he was shot. So the \$13.10 support price will be in effect for an entire year, during which time farm production costs will likely increase by at least 9 percent, based on projecting the increase in the Department of Agriculture's "prices paid index by farmers" from September 15, 1980, to May 15, 1981, over a 12-month period. Dairy farmers will, therefore, need to "absorb" at least a \$1.02 per hundredweight cost increase over average U.S. costs in 1980, with no increase in price supports, and, therefore, little increase in farm milk prices.

That is the situation we have right now. In other words, the dairy farmer already is going to take a terrific reduction in his net income, a \$1 a hundredweight cut. This amendment offered by the distinguished Senator from Iowa would go farther than that.

This amendment, as I understand it, would result in a 70-percent parity dairy price support effective October 1, 1981, with no midterm adjustment. The \$13.10 per hundredweight support price would carry over for another year until October 1, 1982, because 70 percent of parity on October 1, 1981, in all likelihood, will be no more than \$13.10, and very possibly could be less. Very possibly, it could be less. So farmers then would need to absorb 2 years of increased costs of about 18 percent, or \$2.04 per hundredweight, with no increase in price supports, and consequently only minor or no increases in farm milk prices.

What they are doing is putting the dairy farmer in a position in which he has to take all the burden of inflation out of his net income. With the dairy farmer, as with any other businessman, his gross certainly is not his net. His costs of operation are far greater than the net he realizes. So when he has to take an enormous increase—and a 9- or 10-percent increase is great—in his cost of production, and that comes out of his net income, it virtually eliminates the net income of many dairy farmers.

So dropping the support level to 70 percent of parity would be a serious economic blow to the farmers and would result in farm milk support prices \$1.90 per hundredweight below what they would be at 100 percent of parity.

Farm milk prices will likely closely parallel support prices in the near future because of heavy milk production and large CCC purchases. A \$1.79 per cwt. reduction in farm milk prices would slash the annual income for an average Wisconsin dairy farmer \$9,021—based on 1980 average milk production per Wisconsin farmer of 504,000 pounds.

A couple of weeks ago, I spent a full day working on a farm in Manitowoc County, Wis. That farmer milked 90 cows. He had a herd of 100. He started 4 o'clock in the morning. I had to get up at 20 minutes past 2 at the motel where I was staying. He worked 3½ hours milking cows in the morning. Then the farmer went to work on his crop and worked on his equipment, filling his silo, and doing all the other things he had to do.

Then, at 4 o'clock in the afternoon, he had to start over and work 3½ hours milking his herd.

He does this every day, 7 days a week, 52 weeks a year, throughout the time he is a farmer. If he fails to milk his cows just once or twice or three times, they dry up. So he has to do this work every day.

It is enormously tough, demanding work. Anybody who does not think this is skilled work should visit a dairy farm and work there. It takes tremendous knowledge of equipment, of the health of animals, of the soil, and many other complex elements.

The dairy farmer, according to the University of Wisconsin figures, in 1980, with 80-percent price supports, had an hourly income of \$2.89—15 percent less than the minimum wage, for skilled work, where he makes an investment

and takes a risk. Of course, one reason is that the farmer and his wife and children work endless hours on the farm.

The University of Wisconsin found that the average dairy farmer in June 1980 and his wife and children worked 135 to 150 hours a week. This is hard, skilled work, and all the members of the family have to do it. It is not only muscular work—it requires effort in lifting, and so forth, but it is work that requires great skill.

Incidentally, I was working with a highly skilled farmer in Manitowoc County a couple of weeks ago; and in spite of the fact that he knew his equipment very well, one of his pieces of equipment went out because it was overused in filling the silo. That piece of equipment was down and had to be worked on. It took a tremendous amount of knowledge of farm equipment on his part to put it into shape quickly, and he did so.

So this slash in this dairy farmer's income would cut him down to less than \$2 an hour, probably about \$1.50 an hour, if he made anything.

The tragedy here is that there will be literally hundreds of thousands of farmers who will be making nothing, and many of those farms, unfortunately, are going to be driven out of business.

For U.S. dairy farmers, the reduction would be \$2.3 billion annually in farm cash receipts, based on 1980 production, if the pending amendment goes into effect.

If we move it to 75 percent of parity, the losses would be very severe but would be about half of what they would be with the Jepsen amendment.

I realize, Mr. President, as I believe all Senators do, that we have a fiscal crisis in this country. We have to cut spending. But we should recognize that the dairy farmers, not only in Wisconsin but all over the country as well, have a very low income. They operate with great efficiency and have operated under a program which has been in existence since 1949.

This program, as I will point out, has not been costly to the taxpayer, has not been costly to the consumer, and has been of only moderate benefit to the farmer, but it is far better than gutting the program, as this amendment would do.

Prices paid by farmers for production items have been increased faster than farm milk prices. For example, May 1981 production costs were 10.3 percent higher than a year earlier, compared to a increase of only 7.1 percent in farm milk prices.

In other words, what I am saying is that the production costs the farmer has to pay are going up much faster than the prices he receives for the milk he produces. That has been true throughout this year.

In the second place, consumer prices for dairy products have increased less than the cost of living. March 1980–March 1981 consumer prices for dairy

products were up 10.1 percent compared to an increase of 10.6 percent in the cost of living.

Furthermore, milk prices have been declining rather than increasing relative to wage levels. The minutes of work required to purchase various dairy products dropped 44 percent for milk, 49 percent for butter, and 59 percent for ice cream in the past three decades.

I say "three decades" because that is the period in which this program has been in effect. This program began in 1949, and during that period, the number of dairy farmers has been cut by about two-thirds, so that we are losing our dairy farmers. We are still maintaining our farm production. We can have that tremendous cut and maintain the production because dairy farmers are enormously efficient. I do not believe anyone can cite an aspect of American life in which there has been a cut of two-thirds in the work force and production has been maintained.

The real difference between this country and the Soviet Union is not in the factories or in the offices. It is on the farms. The Soviet Union has more than 30 percent of their people on their farms producing agricultural products. We have about 3 percent of our people on our farms, and we produce 20 percent more food than they do.

The difference is our family farms, and our family farms cannot continue operating as family farms unless they have something like a reasonable income.

This program we have had in effect since 1949, which has never gone below 75 percent of parity—this would put it below 75 percent of parity for the first time in 30 years—has been a great success for consumers and a great success for taxpayers. I say that because in 26 of the 30 years, the price support has been below the market price.

In some of those years, the cost has been relatively high, because it is an acquisition cost, in which the Federal Government is acquiring an asset. They are acquiring cheese and dried milk which they later dispose of. Over the years, the cost of this program has been very limited. The pay-back or sell-back of the inventory which the Commodity Credit Corporation acquires has been very substantial and will be in this case.

We are still in an inflationary period, and inflation is likely to continue; and the cheese and dried milk that have been acquired will be sold at a later time, almost certainly, for more than they cost. Indeed, we have had bigger surpluses than this under this program, without this kind of savage cut in the income of dairy farmers.

I point out, further, that the cost of 1.5 billion pounds of net imports was indirectly charged to the price support program in the 1980 marketing year, since they resulted in increased price support purchases of approximately that magnitude.

That is, we buy cheese from abroad, and of course that is an indirect burden

on our dairy program; because if we did not buy that cheese and bought the cheese in this country, the result would be that we would have a lower surplus, and the situation requiring a reduction in dairy price supports would not exist.

In 1980 casein imports displaced 333 million pounds of domestic nonfat dry milk costing the Commodity Credit Corporation about \$300 million. Again, that \$300 million would not have been spent and would not have been attributed to the dairy program if we had not imported this casein, some of which comes from countries of the Free World but much of which comes from the Soviet Union.

It is utterly ridiculous for us to import a product which we have in surplus in this country and which competes and makes it necessary for us, of course, to charge more to the dairy farm program.

As a matter of fact, the \$300 million constituted 53 percent of the 1980 Commodity Credit Corporation purchases, more than half for the purchases attributed to the fact that we have this very big import of casein.

Mr. President, I have great respect for my good friend from Iowa. I do hope that the Senate will recognize that this kind of an amendment is an unwise amendment. It is a cruel amendment as far as the dairy farmer is concerned. It is an unnecessary amendment as far as the taxpayers are concerned. Not only will this result in a devastating loss of billions of dollars, as I pointed out, for dairy farmers throughout the country, but it will result in a loss to people in small towns throughout the country who depend on dairy farmers. It will be a loss for farm implement producers who produce implements they sell to farmers.

I think that when we look at the secondary effect, the University of Wisconsin figures that whatever loss the dairy farmers suffer, and the estimates are \$2.3 billion annually in farm cash receipts, we multiply by 5 to calculate the effect on the economy. I think that is excessive. I think we should multiply it by about 3. So I am being more conservative than the economists of the University of Wisconsin have been in figuring the effect on the economy as a whole, but this would constitute, on my more conservative calculations, a loss of almost \$7 billion for the economy as a whole.

If we calculate the loss in tax revenues because of the jobs lost, the loss in tax revenues because of the lower profits of the firms that are involved in selling to farmers and selling to those people who in turn sell to farmers, there is no question that the deficit will be deepened by this amendment, not lessened by the amendment.

So I think from a standpoint of fiscal responsibility we should take a very careful look at the secondary economic analysis here and if we do that we will find that the case is a very weak one for putting this really savage cut into effect against the dairy farmers.

Mr. President, I yield the floor.

Mr. JEPSEN. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am happy to yield.

Mr. JEPSEN. Mr. President, first of all, for the record, I am pleased that the Senator from Wisconsin has 1 day's experience on a dairy farm. I have 17 years. What he experienced that 1 day I assure him is correct. They are long, tedious hours and they are 7 days a week. It is a family affair, it is a steady paycheck, and it is a lot of hard work. It is all of those things. I understand that totally and completely. In fact, my family is still doing it.

Having said that and knowing that the Senator from Wisconsin has a desire to be fiscally responsible and his activities and the things that he has stood for here always indicated that, first of all in his statement he indicates this is going to cost some \$7 billion. There were other figures that I tried to catch and was not able to as he moved through them, essentially saying there would be a big loss. How will this amendment in reality at this point in time reduce 1 cent in the next 12 months, we will start there, with the dairy industry in this country?

Mr. PROXMIRE. Of course, as the Senator well knows, the effect on the dairy farmer is that instead of getting an increase in the price that he receives for his milk he will get the same price over the next year; meanwhile his costs will increase. Therefore, as the Senator knows as a businessman himself, his net will be cut and cut very sharply. His net, I calculate, will be cut by \$9,000 per farmer on the average in our State, and we calculate that for the country as a whole—these are figures the University of Wisconsin supplied me with—the loss would be \$2.3 billion in farm cash receipts based on 1980 production. That is \$2.3 billion.

The reason I project that \$7 billion loss for the economy as a whole is because what the farmer does not have in net income he cannot spend. The farmer cannot buy the implements that he needs to buy. He cannot buy the many other things that he needs in order to maintain his farm. So he buys less. That means that the people, who sell these things in the small towns, to the farmer and rely on the farmer as the principal customer, will not be able to make the sales, and they will suffer an economic loss. It is the rolling effect which persuades me that the effect of this could be as much as \$7 billion, although, as I say, the University of Wisconsin figures are that it will be well over \$10 billion.

Mr. JEPSEN. The basic figure which I have in this amendment which is a floor, a bottom, is a money figure of \$13.10 which is the floor that is put under the dairy price support by this amendment, and then at the Secretary's discretion somewhere between 70 and 90 percent of parity can be used as a support percentage figure, but in no event less than \$13.10.

Does the Senator perchance know what \$13.10 per hundredweight today

represents by way of percent of parity as of this moment?

Mr. PROXMIRE. As of this moment I am not positive. I think it is around 71 or 72 percent, something of that kind.

Mr. JEPSEN. I am not saying this to try to embarrass or in any way verbally manipulate anything that the Senator has said.

I will point out at this point in time unfortunately, with the depressed prices, \$13.10 is a pretty good percentage of parity, higher than the Senator is talking about on either the present aid floor or the proposal of the amendments that are going to be offered here to this amendment very shortly.

However, I do not want those prices to remain depressed, and neither does the Senator from Wisconsin. Our \$2.30 corn which we had yesterday instead of the \$3 corn which we had a couple months ago is a sad testimony as to what is happening in agricultural economy.

I also will point out that the management of this program leaves something to be desired, in my opinion, throughout the years. We just got through selling some 400 million pounds of 3-year-old butter. When I was asked about my opinion on selling that butter, who we should sell it to, I think my statement was we should sell 3-year-old butter to whoever will buy it and do it very quickly before they changed their mind.

To have that type of surplus and that old surplus buildup, as I say, leaves something to be desired, in my opinion, as far as the management of that program.

The fact that we have in the school lunch program, as I understand it, cokes and other types of carbonated beverages with a lot of sugar in them in equal promotion with milk is frankly not acceptable. One knocks the teeth out while the other one builds them. I do not understand the direction in that.

I have a lot of interest in improving the general administration of the dairy programs by the U.S. Department of Agriculture.

But I point out again, as I did earlier, and the Senator was not in the Chamber, that in 1981 the Commodity Credit Corporation, under the way the things are presently going, will remove 12.6 billion pounds of milk equivalent from the market at a cost of \$1.986 billion. The net expenditure to the Commodity Credit Corporation for fiscal year 1981 is estimated to be \$1.886 billion.

That is something that we do have to take into account, and we can do so without penalizing or having dairy farmers thrown into the red, and that is all I am doing, which is trying to put some commonsense into this.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. If the Chair will bear with me for just one moment.

Mr. President, the distinguished Senator from Minnesota is awaiting the arrival of a typed version of the amendment which he proposes to offer. In anticipation of that, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, it has come to my attention that certain matters are in preparation for presentation to the Senate later today and those documents are not available and cannot be available until a little later this afternoon. There are also certain meetings that are in progress now, briefings on important matters that should have the attendance of most Senators.

In view of those requirements, Mr. President, it seems to me the better part of discretion is to ask the Senate to stand in recess for a brief time. I observe the acting minority leader's presence on the floor. I would ask him if he has any objection if we recess over until 2 o'clock.

Mr. CRANSTON. Of course not.

Mr. BAKER. I thank the acting minority leader.

RECESS UNTIL 2 P.M.

Mr. President, in view of that and the consultations I have now had with the chairman of the committee, the ranking minority member, and the sponsor of the next amendment, I ask unanimous consent that the Senate stand in recess until the hour of 2 p.m.

There being no objection, the Senate, at 12:46 p.m., recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Acting President pro tempore (Mr. LUGAR).

Mr. BAKER. Mr. President, may I inquire of the Chair, what is the pending question before the Senate?

The ACTING PRESIDENT pro tempore. The pending business is unprinted amendment No. 356 to the farm bill.

Mr. BAKER. I thank the Chair.

Mr. President, I understand that the distinguished Senator from Minnesota (Mr. BOSCHWITZ) will be on the floor shortly and that he is prepared now to proceed. In the meantime, in order to provide an opportunity for him to reach the Chamber, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

UP AMENDMENT NO. 356

(Purpose: To restore the text of the dairy price support provisions contained in the bill as reported and to make clear that the support price for milk for the year beginning October 1, 1981, will be not less than \$13.10 per hundredweight.)

Mr. BOSCHWITZ. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. This amendment is in order because the amendment is an amendment to the pending amendment. The Senator from Minnesota may proceed.

The clerk will state the amendment. The assistant legislative clerk read as follows:

The Senator from Minnesota (Mr. BOSCHWITZ) proposes an unprinted amendment numbered 356 in the nature of a substitute to unprinted amendment numbered 356.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

Strike out all of the amendment and insert in lieu thereof the following:

Viz:

On page 134, beginning with line 13, strike out all down through line 12 on page 135 and insert in lieu thereof the following:

Sec. 103. (a) Section 201 (c) of the Agricultural Act of 1949 (7 U.S.C. 1446(c)) is amended by striking out the second sentence and inserting in lieu thereof the following: "Notwithstanding the foregoing, effective for each of the fiscal years during the period beginning October 1, 1981, and ending September 30, 1985, whenever the Secretary estimates that the net cost of Government price support purchases of milk or the products of milk will exceed \$500,000,000 or that net Government price support purchases of milk or the products of milk will exceed 3.52 billion pounds (milk equivalent) during any fiscal year, the price of milk beginning on October 1 of such fiscal year shall be supported at such level, as determined by the Secretary, not less than 70 per centum of the parity price therefor, except that beginning on October 1, 1981, the price of milk shall be supported at not less than \$13.10 per hundredweight for milk containing 3.67 per centum milk fat."

(b) Section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended by adding thereto a new subsection (d) as follows:

"(d) Notwithstanding the provisions of subsection (c) of this section, effective for the period beginning on October 1, 1981, and ending September 30, 1985, the Secretary shall adjust the support price of milk to not less than 70 per centum of the parity price therefor on April 1 of each fiscal year, if on that date the support price of milk is below 70 per centum of the parity price therefor."

Mr. BOSCHWITZ. Mr. President, this amendment, which is a second degree amendment to the Jepsen amendment changes and restores some of the language of the underlying bill, S. 884. The Jepsen amendment would allow the Secretary, in the event that he predicted that there would be removals by the CCC in excess of \$750 million in a given year, the authority not to make any annual adjustment whatsoever and to leave it at

70 percent of parity—not \$13.10, but 70 percent of parity. So, at the October 1 date, it would allow the Secretary to reduce the present parity level because, as the Senator points out, it may be that with the decline of food prices, parity has slipped not to 72 but, perhaps, to 73 or 74 percent.

This amendment would restore, as I say, the language of section 8 of S. 844. The language of that bill is that parity shall be at a 75- to 90-percent range and that, in the event the Secretary predicts there will be removals by the CCC in excess of \$500 million—it has not normally been the case in the last 10 years—then, the Secretary could make an adjustment to 70 percent of parity. But, in that event, the parity would have to be adjusted to a semi-annual basis.

The distinguished Senator from Wisconsin pointed out that in all the history of the parity program for milk, in all of its history since 1949, parity has never been below 75 percent. As a matter of fact, in the last 15 years, other than for a 4-month period, parity has not been at 75 percent.

Of course, with the shifting winds of parity, the adjustments are made for the purpose of bringing supply and demand within the dairy industry into some kind of balance. If you look back over the years, if you look at where the balance was, indeed, you will find that milk production and milk consumption have been in pretty fair balance.

Now there is certainly a surplus, a surplus of very large portions, a surplus that must be dealt with. In order to deal with that, we suggest that we go to a level that has never been achieved before—70 percent. We suggest that we go to a level that has never been necessary for the purpose of bringing a balance between supply and demand.

We also suggest that ultimate discretion, if it be given, will give great advantage to the larger dairy operators in this country.

My State is made up basically of a series of small dairy operators. My State does not have operators who have 600, 800, 2,000, or more cows, such as the dairy operations in Florida, Texas, the Southwest, California. Those are people who, either through the advantages of the milk marketing order or perhaps the economies of scale or a better position with their banks, are able to survive in even the most adverse economic times.

However, as my friend and colleague from Wisconsin pointed out, there are today two-thirds fewer dairy farmers than there were not many years ago; and if we are to preserve the continuity of the family farm, we have to give some type of support.

Why support the farmer at all, one may ask? If you look at the millions and millions of people engaged in the business of farming, you also see millions and millions of people who have very little impact on the market they serve. They cannot raise their prices. They cannot somehow make their overhead. The his-

tory of production shows that their only defense has been to become more efficient, and more efficient they have become, because certainly their costs have risen faster than their gross income. As a result, their redemption has been to become efficient, and efficient they are. We are faced with surpluses, not only in dairy but also in most of the other major commodities, that dictate that next year probably will have a rather intensive set-aside program, in which land is specifically set aside and will not be planted, so that we will not have too large a crop.

Mr. President, I am joined in this amendment by the distinguished ranking minority member of the Agriculture Committee, Senator HUDDLESTON, by Senator KASTEN, and by Senator PRESSLER.

So it is with the idea in mind that we have never reached a parity level so low, that we have never acceded to the idea that parity should be below 75 percent, that we have never acceded to the idea that the dairy farm, the family farm, could succeed and survive under these circumstances, that we say just that—that there are surpluses. There are surpluses, not particularly larger than at other times.

I note that back in the early 1960's there were removals one year of 11.2 billion pounds, which is not terribly much different from this year, when removals will be 13.5 billion pounds, probably.

Therefore, while parity was at 83 percent in 1961-62 when those surpluses developed, it went down to 75 percent and remained there for 4 years, the only real time it was at 75 percent, and the surpluses were able to be handled.

In a speech this morning, the Senator from Wisconsin said many of the things I have in mind: The difference in rising costs when compared to the ability to make up those costs and prices received for products, the devastating fact that we are losing the family farm. He spoke about the fact that if there is a difference between us and other countries of the world, be it Russia, which he spoke about, or others, it is the family farm; because we are by far the most successful agricultural producer in the world.

If one looks back at 1980, when we had an enormous trade imbalance, then looks at the agricultural situation, then looks at the trade surplus developed there, one has to wonder what would happen if we did not have the efficiency of the family farm.

Last year, we exported between \$40.5 billion and \$41 billion worth of farm products. We had a trade surplus in farm products alone of \$23 billion.

What would have been the condition of our economy, what would have been the condition of our dollar, in the event we did not have that surplus? It was accomplished through the efficiency of the family farm.

So it is necessary that we do what we can to support the family farm. It is necessary because the family farm, other than becoming more efficient, can do

little to impact the marketplace. There are millions of producers without any real defense at the marketplace; millions of producers whose only defense has been to become more efficient, with the result that as they gained efficiency, the downward pressures on the market price have become more intense.

The dairy program this year will cost, net, approximately \$1.7 billion. That is too much in these times. It most certainly is too much; and it is a figure, when budgets have to be trimmed and when budgets have to be considered, that cannot be tolerated.

It is a figure that also should be reasonably adjusted.

When my friend from Iowa speaks about adjusting parity only if the program is going to cost \$750 million or more in a given year, I have to remind him and remind my other colleagues that the cost of the program now is not reduced by the amount that is given by way of donation to the Veterans' Administration, the Department of Defense, and the school lunch program, and those are not insubstantial figures. We have this very creative accounting that goes on, that this is considered apparently a gift from the dairy farmers of the United States which they are supposed to make to the veterans' organizations and somehow become the taxpayer twice. The dairy farmer not only is a taxpayer but then when he seeks to have some relief at the hands of the Government they say the program that we have in support of you is too high, even though that program has donated various dairy products to other agencies of Government.

Perhaps we should charge those other agencies of Government. Perhaps the distinguished Senator from Iowa would consider amending his amendment so that those charges would not be charges against the dairy program and would not be charges that are considered in coming up to the \$750-million maximum that he suggests.

Without question, the dairy program has been efficient. Without question it has resulted in a very steady source of dairy supplies for our Nation and dairy supplies and milk at costs that are lower than inflation itself.

Mr. President, there is much more to say about the dairy program and dairy farmer; the fact that his numbers are depleting at such a rapid pace, the fact that he accounts for approximately a third of the farmers in Minnesota. Many dairy farmers, of course, are also raising other kinds of crops. But through him we find the bounty and the strength of rural America and as we look in rural America we see a depressed scene today.

I read into the record yesterday the beginning of an article that pointed out that the agricultural sector of our country is in a depression. The profits in the agricultural parts are, I believe the word was cataclysmally low. They were not at a point where they would be considered just depressing but even beyond that

point. And the impact on rural America is very intense.

One of the most disappointing aspects, I must say, of not only our present administration but the administrations that have gone before it is, in my opinion, the lack of appreciation for the agricultural sector of our country.

Approximately, Mr. President, 10 percent of the people of my State live on the farm. That is a rather large percentage indeed. But they are not the normal consumer. They are not the normal family. They are families and small businesses that indeed bring a large number of dollars that circulate into our society. It adds to just an enormous amount of economic might that we have in this Nation.

Mr. President, when our farms are prosperous those all around them prosper. In my case, in the Northwest, and I know that in the case of the distinguished Senator from Iowa, where the agricultural sectors prosper the entire State prospers. When the agricultural sector prospers the entire Midwest prospers.

It is a great shortfall, a great shortcoming in my judgment that this administration joins other administrations in not seeing the underlying economic soundness required in agriculture, that when that underlying soundness exists indeed not only our States but our entire Nation prospers.

As I pointed out the imbalance of trade that we would have experienced in 1980 without agriculture would have been devastating. In 1981 the imbalance of trade that would have been experienced without agriculture would be even larger, and yet this administration does not appreciate, nor did the administration before it, what it means to have a viable, strong agriculture economy and what it means in bringing about the economic success of our entire Nation.

Mr. PRESSLER. Mr. President, will the Senator yield?

Mr. BOSCHWITZ. I yield to the Senator from South Dakota.

Mr. PRESSLER. Mr. President, I ask unanimous consent to be added as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PRESSLER. Mr. President, I commend the Senator from Minnesota.

Mr. President, I am joining in sponsoring an amendment to restore the original dairy program to S. 884, the 1981 farm bill. This provision would establish a dairy program of 75 to 90 percent of parity unless U.S. Government expenditures on the dairy program exceed \$500 million or 3.5 billion pounds of dairy products. Should this occur, the parity level will be permitted to be reduced to 70 percent of parity. This level of price supports is necessary if dairy farmers are to survive.

During these times of high interest rates and inflation, it is hard enough for dairy farmers to stay in business without having to try to survive more reductions

in their income. The dairy farmer has a very large investment and many years of work in his dairy farm and it would be very hard to restore milk products if it were reduced. It is important that we keep a dairy program that will assure the American consumer an adequate supply of milk and to do this, we must assure dairy farmers a fair price.

Farmers know as well as anyone that budget cuts must be made, but these cuts must be fair. The dairy farmers have already taken a cut with the passage of S. 509 in March when the semiannual dairy price support adjustments were suspended. The provisions I am cosponsoring today would reduce the parity level to the range of 75 to 90 percent, without this amendment, the dairy parity level may well drop to 70 percent. I do not know of any other sector of the economy that has been asked to accept larger budget cuts than the dairy farmer. I do not feel we can ask them now to take yet another cut.

For these reasons, I am cosponsoring this amendment to keep the dairy price support program at 75 percent, which is needed by the American dairy farmer. I urge my colleagues to join me in support of this amendment and the dairy farmer.

Mr. BOSCHWITZ. Thank you, Mr. President.

I thank the Senator from South Dakota.

Mr. JEPSEN. Mr. President, will the Senator from Minnesota yield for a question?

Mr. BOSCHWITZ. I yield for a question.

Mr. JEPSEN. And for an answer?

Mr. BOSCHWITZ. For an answer or whatever.

Mr. JEPSEN. I have been listening very intently to the distinguished Senator from Minnesota and again we represent much the same constituency. At the actual bottom line, we are both supportive and agree on practically everything in the agricultural community and in most other areas as much as any two colleagues could possibly.

So very respectfully I ask the distinguished Senator from Minnesota to comment on my observations about his amendment.

First of all, is it correct that his amendment provides 75 to 90 percent of parity with semiannual adjustments unless the Commodity Credit Corporation is projected to spend over \$500 million or buy more than 3.52 billion pounds of milk equivalent?

Mr. BOSCHWITZ. That is correct.

The other part of the amendment is that the \$13.10 base be kept at this first adjustment time, which would be the 1st of October.

Mr. JEPSEN. All right. In my amendment we have not only for the 1st of October, but forever, a bottom floor support of \$13.10; is that correct?

Mr. BOSCHWITZ. Is the Senator asking me about his own amendment?

Mr. JEPSEN. I wish to make sure. It

is my way of finding out the Senator's understanding.

Mr. BOSCHWITZ. That is my understanding.

Mr. JEPSEN. Then based on the Senator's amendment as it is constructed—

Mr. BOSCHWITZ. Mr. President, will the Senator yield?

Mr. JEPSEN. I yield.

Mr. BOSCHWITZ. My amendment also guarantees \$13.10 will be the floor.

Mr. JEPSEN. As mine does.

Mr. BOSCHWITZ. Yes.

Mr. JEPSEN. The Senator's does forever or just for 1 year?

Mr. BOSCHWITZ. We specify \$13.10 base, but we would also specify that in the event that 70 percent of parity was more than that in October 1982 or in April 1982 there would be an upward adjustment beyond that point.

Mr. JEPSEN. On the basis of the Senator's amendment, as things now stand and his figures were even, I was interested to hear, greater than the ones that I have presented in that for 1981 fiscal year the Commodity Credit Corporation is on the road to removing 12.6 billion pounds—I believe the Senator said 13.2 or 0.3 billion pounds of milk equivalent. So, therefore, going back to the Senator's amendment which says that the amendment stays in place on the 75–90 percent of parity unless the projections by the CCC is to buy more than 3.52 billion pounds of milk equivalent, since it is going about four times that basis right now, then under the Senator's amendment we would go back to 70 percent of parity; is that correct?

Mr. BOSCHWITZ. That is correct.

Mr. JEPSEN. Which is in fact by overwhelming figures where we are right now and in the conceivable future.

Mr. BOSCHWITZ. That is correct. I agree with the Senator.

Mr. JEPSEN. Then, in addition, the Senator from Minnesota has the additional dimension of a \$500 million projected expenditure or net expense; whereas my amendment has \$750 million. Can the Senator from Minnesota tell me why that \$259 million less is better than my \$750 million?

Mr. BOSCHWITZ. My amendment, of course, has a semiannual adjustment. My amendment establishes a floor at \$13.10 as does the amendment of the Senator from Iowa. Indeed, incorporating back the language of S. 884 we do use the figure of \$500 million, but at best the Senator's amendment is worse than mine. At worst our amendment will say 70 percent with a semiannual adjustment. At the best the amendment of the Senator from Iowa says 70 percent in the event that the removals will be \$750 million or less.

Mr. JEPSEN. Seventy percent, but in no event less than \$13.10 per hundredweight.

Mr. BOSCHWITZ. That is correct.

Mr. JEPSEN. Then really what we are coming down to is a comparison of apples and apples and oranges and oranges. Here is the sense of the Senator's amend-

ment and it provides for a semiannual adjustment and my amendment does not. Is that correct?

Mr. BOSCHWITZ. Pardon me. I missed the Senator's remarks.

Mr. JEPSEN. Essentially the amendment of the Senator from Minnesota provides for semiannual adjustment with a few odds and ends.

Mr. BOSCHWITZ. That is correct.

Mr. JEPSEN. That is the big difference.

Mr. BOSCHWITZ. That is a big difference, that is right.

Mr. JEPSEN. OK.

Mr. BOSCHWITZ. Not only that, but in the event removals are less than \$500 million, which is very often the case, which was the case in 1977, 1978, 1979, 1976, 1975, 1974, all years in the 1970's actually with the exception of one the program cost less than \$500 million. In the event it cost less than or projected to cost less than \$500 million, then the adjustment would be the 75 percent.

Mr. JEPSEN. Here is where we differ somewhat on the basis of projections, in that fiscal year 1982 there is a projected CCC expenditure for these outyears projected to be \$105 million, 1982; \$501 million, 1983; \$712 million, 1984.

Mr. BOSCHWITZ. If the distinguished Senator will yield, as my colleague well knows those are the latest figures that we got from the Department on Friday and then the following Wednesday. Then we got figures from CBO on Friday again, the succeeding Friday when we got the figures from the Department of Agriculture, and then on Monday we got more figures from the Department of Agriculture.

I do not challenge the Senator's figures, but I must tell him that he can see what he wants in them.

Mr. JEPSEN. I thank the Senator.

Mr. President, I suggest that the primary difference in his amendment and my amendment, the amendment as the distinguished Senator from Minnesota would modify the amendment is primarily a semiannual adjustment. The semiannual adjustment and a semiannual anything in this administration in this time of economic change, I might say change for the better in this country, is something that this administration has tried to at all turns of the road both eliminate and avoid. It is a change in direction but that is indeed what this country is going through now. It is a change in direction and what the people of this country voted for last fall and for 2 years before that to a degree, and I predict even more so in a year from now.

We have had and been at the brink of economic disaster. Part of the reason is that we have had automatic increases for just about everything that exists in our society whether there is any rational reason for it or not, and it has fueled the fires of inflation to a point that we are at a point now with the high interest rates and inflation that we have some serious economic problems and had we

not started to change this direction we would have had even more serious economic problems.

So, the fact that we have a primary difference of the semiannual adjustment I say this to the Senator: The administration is opposed to anything by way of semiannual adjustments. The Department of Agriculture has so advised me that they would not accept semiannual adjustments. I have in turn told them that if there is one single place in our economy or in any of the Government programs where a semiannual adjustment fits it is in this particular program, that we are dealing with a very unique perishable product in milk, and fresh milk is very desirable, and to keep the price level stable a semiannual adjustment has done this for this particular industry, and it is a unique sort of product that we are dealing with.

I have further advised the Secretary of Agriculture and the Assistant Secretary of Agriculture, Mr. Lyng, who is out here in the room with some other assistants, that I will be the first to propose this 1 to 2 years from now, and that is essentially when this semiannual adjustment would come into play. Most importantly, we are all right for the next 12 months or so, as I understand it.

I will be one of the first ones to take the lead if there are some serious problems that occur from this happening by way of upsetting or triggering something we do not expect, and reinstating, if need be, the semiannual adjustment. I have been assured by the Department of Agriculture that if indeed that type of situation does exist they will not only seriously consider but they will join with me in trying to remedy the program.

Mr. DOLE. Will the Senator from Minnesota yield to the Senator from Kansas?

Mr. BOSCHWITZ. I yield to the Senator to ask a question of the Senator from Iowa.

Mr. DOLE. I apologize for not being here for the debate. I was making a speech in Bethesda on nutrition, and missed this outstanding debate.

I know the Senator from Minnesota has done an outstanding job, but he does not have the right product at the moment.

As I understand it, the amendment would move us back into the same cost place, and it does not narrow the gap so far as the cost of the dairy program is concerned.

We all have dairy producers. We are not all blessed with the great dairy production they have in the State of Minnesota, but, as I understand it, and unless there has been a change in the last couple of hours, the problem you have is money. It is not that we all do not like dairy producers and dairy products. We all like cheese, milk, and ice cream. The State of the Senator from Minnesota and other States produce a lot of dairy products. The question is we do not have any money.

I would like to ask the Senator from Iowa whether this is what it is all about, unless I missed something during my absence, and as I understand it the Boschwitz amendment restores the costs of S. 884 and that is something that, as I understand it, unless there has been a change of heart by the administration, that we just cannot live with. I do not know whether anybody has the exact figure, but it is close to \$1 billion. We might as well take the whole bill down.

Mr. JEPSEN. In the current fiscal year the Commodity Credit Corporation will remove 12.6 billion pounds of milk equivalent from the market at a cost of \$1.986 billion. That is even less than the distinguished Senator suggested it might be.

After taking into account sales receipts, the net expenditure to the Commodity Credit Corporation for fiscal year 1981 is estimated to be \$1.886 billion by the administration. This is \$875 million more than was spent in fiscal year 1980, and it is \$1.3 billion more than was spent on the average during fiscal year 1976 through fiscal year 1980.

We are on a record-accelerating path of purchasing stocks of dairy products. The milk equivalent of dairy products purchased through August 28 exceeded 12 billion pounds; butter stocks on hand August 15 amounted to 440 million pounds versus 278 million last year; cheese was 542 million versus 198 million, that is more than double last year; and nonfat dry milk was 755 million versus 597 million a year ago. That is a 50-percent gain.

Butter is at 50 percent, and cheese purchases are about 150 percent ahead of last year; and at this time nonfat is up about 30 percent. We are heading for record surpluses and record deficits.

Mr. DOLE. I correctly understand that. With as much respect that I have for the distinguished Senator from Minnesota, it would seem to me that we are either going to have a farm bill or not have a farm bill. They are not easy to pass in any event. There are still other amendments, other amendments floating around. The Senator from Montana has a few goodies. We cannot exist with those kinds of amendments, all kinds of little time bombs floating around. But if this one goes off, we might as well quit, just pull it down, and go back to the drawing boards because it seems to me this is the one that the administration, I think, for the reasons just stated by the Senator from Iowa, feels very strongly about.

I would just say farm bills are not easy to pass. They are misunderstood by the people who talk about farm bills. There is a feeling that farmers are all running to the mailbox to get the next Federal check and then run to the bank.

It is not an accurate portrayal, but it is a perception that many people have about the farm program. They feel that what we are doing is spending the taxpayers' money by the Congress to pay farmers. That is not the case, as the Senator from Minnesota has stated many times. We do need to provide protection

for the American farmer. We cannot farm the Treasury, there is no money in the Treasury, and that is why they had a meeting this morning at the White House, I understand, talking about spending cuts. That is why we are asking the Finance Committee to consider some other matters, whether it is medicaid, medicare, or social security or whatever. If we are going to add \$1 billion here or there, we are going to have to find that much more money to balance the budget by 1984 and hold the deficit to somewhere around \$45 billion for fiscal year 1982.

Having gone through that process, and having responsibility of chairing a committee that has to do a great deal of cutting around here, I am convinced that we cannot let farmers avoid the realities either. Most farmers are willing to face up to the realities. My State is about as rural as any State in America, and I am not suggesting that all farmers are going to be happy with what happens on the Senate floor or happy with the administration or happy with the House bill, but I am suggesting that the biggest problems in American agriculture are interest rates, inflation, and the size of the national debt, Federal spending, and Federal regulations.

We can go on and do business as usual, and that is what we would be doing in effect because since we passed 884, we have been told, I think in the right way, that the administration cannot support that bill. So I am going to support the Senator from Iowa.

Mr. JEPSEN. Mr. President, will the Senator yield?

Mr. DOLE. The Senator from Minnesota has the floor.

Mr. JEPSEN. Will the Senator from Minnesota yield for a question?

Mr. BOSCHWITZ. If I may respond for just a moment to my distinguished colleague and the chairman of the Committee on Finance, we are not asking to do business as usual. We are quite willing to go to 70 percent of parity, a level that has never been reached before in the 30-odd-year history of the program. We are not asking for the moon. We are asking for a level that is lower than has ever been reached before.

It really is unclear to me what the cost of those programs is. I see so many different figures. One of the sets of figures I saw showed there was only a \$100 million difference between our program and the administration-recommended program on the costs over several years.

The Senator knows that we are negotiable. This position is not locked in concrete. Perhaps the Senator from Iowa would like to assure us there will be an annual adjustment at 70 percent of parity, just an annual, not a semi-annual adjustment, and we would accept that. But that would be quite a concession, quite a concession from last May when we negotiated S. 884, quite a concession from any level that has ever been achieved in the farm community.

But to just say that we will not have any adjustment at all, that inflation is going to be able to eat us up, that the

small farmers of our States are going to be defenseless against the ravages of inflation is something that we cannot agree to and, as a result, we must ask for this amendment.

Mr. JEPSEN. Mr. President, will the Senator yield?

Mr. BOSCHWITZ. Would the Senator like to adjust his amendment so as to assure an annual adjustment that we would be happy to accept on our side?

Mr. JEPSEN. I am thinking about what the Senator is saying. Will the Senator yield for a question?

Mr. BOSCHWITZ. Yes, I yield.

Mr. JEPSEN. Does the distinguished Senator, who is recognized as one of the outstanding business people in the United States, and I have great admiration and respect for that success, does the Senator have any idea what kind of inflationary impact his amendment would have?

Mr. BOSCHWITZ. What kind of an inflationary impact? Inflationary from the standpoint of adding to the deficit, adding to the spending levels of the Government? It is hard, as I indicated earlier, to know exactly what that is. The figures have been just all over the lot.

Mr. JEPSEN. I can appreciate that, but knowing what the Senator knows, on the basis of comparing his amendment with mine, would it be correct to say that the Senator's amendment would be much more inflationary or more inflationary than mine?

Mr. BOSCHWITZ. Oh, Senator, as you know we could argue about that for awhile. If we keep the farm sector of our economy and rural America as a rule somewhat more healthy, I do not think that that has an inflationary impact; no, I do not.

Mr. JEPSEN. Well, in fact, when you talk about health—you did not answer the question. Do you believe the chances are that your amendment is much more inflationary than mine; is some more inflationary than mine?

Mr. BOSCHWITZ. I do not believe, Senator, that my amendment is inflationary. Inflationary would mean that it would increase the public debt; inflationary would mean that as a result the Government would have to go to the money market and dry up a still larger percentage of the funds; inflationary means that we would have a negative effect on the deficit, and I am not sure what would cause that more. Would it be caused more by the possibility that my program would spend a little more than yours or would the cause of inflation be more enhanced by the lack of tax revenues from the rural side of America, thereby increasing the deficit in that manner?

I asked the Senator a little while ago if he would like to change his amendment to assure the annual adjustment at 70 percent of parity. That would be in the spirit of conciliation. I would be very happy to accept that and withdraw my amendment in that case.

Mr. JEPSEN. Well, as I read and

understand my amendment, we are providing the latitude for the Secretary of Agriculture to provide for somewhere between 70 and 90 percent. We guarantee a floor, a bottom of \$13.10 per hundred-weight by way of an actual dollar and cents figure. I say to the Senator that I think, in the interest of entering into a partnership with the new climate we have in the Department of Agriculture by way of being a friend of the farmer, that this amendment speaks for itself and we essentially have that.

My amendment will help dairy producers to work out their problems of excessive supplies. In the long run, all good, sound, prudent business people will understand what they must do.

I have talked to dairy farmers who said they realize there has been some overproduction; that there is right now. And whether you say: What comes first, the chicken or the egg? We are over-producing or we are consuming less, whatever it is—I am willing to step out and step up front and appear on TV, or wherever it may be, drinking a glass of milk. I drink one every morning and I drink one every evening. I would be glad to double my consumption and urge everybody else to do that, too. That will help the dairy industry. So I am on record as saying and urging that now. That is a positive way to get at things.

That is also the way we have to start solving our problems in America today, by all joining in and building a "can do" attitude. Let us go and do something about it. But we cannot do something about it by artificially containing and jacking up something that, frankly, has produced a very, very serious problem exists in the dairy industry and the dairy support industry now. It will jeopardize possibly, the long-range future if, indeed, we are going to continue on to a point where it is such a burden that we will come through with either legislation or action that will strip it considerably, rather than, as my amendment, frankly, does, which is to help the dairy industry.

The cost of my amendment is about \$1 billion less than the current provision of S. 884 over the 4-year life of the bill. It is more in keeping with the twin objectives of providing adequate support for the farm dairy industry and reducing the budget outlays. That is what we are talking about. The dairy farmers are willing to do their share. We are asking them to give in just a little here and join all other Americans in trying to get this economy under control.

Mr. BOSCHWITZ. The Senator will recall, I think, that my amendment does, indeed, ask the farmer to do his share. We are going to go to 70 percent of parity. In the event that inflation continues at the rate projected, that will mean, in midyear, 65 percent of parity toward the end of the year should we accept the once-annual adjustment. So, indeed, these are levels that have never been reached before. This is not an extraordinary surplus.

I thank the Senator for correcting my figure. I thought it was 13.5 billion pounds on a fluid basis of milk. I note that the Senator says it is 12.6, and that this is not a great deal more than it was in 1962 when it was 11.2. We only have to go to 75 percent of parity in order to adjust that difference.

In any case, I hope the Senator will consider my suggestion that he make the 70 percent mandatory and that it occur once a year. I will be happy to accept that amendment in that case.

Mr. DOLE. Will the Senator yield for a question?

Mr. BOSCHWITZ. Yes.

Mr. DOLE. Does the Senator have a fallback position in the event he should lose?

Mr. BOSCHWITZ. Who knows? I think we all have fallback positions, I say to the Senator.

Mr. DOLE. It would be helpful to us if we knew what it was.

Mr. BOSCHWITZ. The Senator has been one of the best fallbackers around here.

Mr. DOLE. Well, I have had more practice.

Mr. BOSCHWITZ. The Senator has had quite a bit of practice.

Mr. DOLE. Right. Never in the majority; we used to do more of it on the minority side. But now we have an addition: When we fall back, we fall further.

Mr. BOSCHWITZ. I understand that my distinguished friend and cosponsor from the State of Kentucky (Mr. HUDDLESTON) wishes to speak on the bill, and I yield to him.

Mr. HUDDLESTON. I thank the distinguished Senator from Minnesota.

I have been enjoying this discussion very much. I think that, since we came back about a week ago, I have been in at least a dozen meetings in which we have tried to reach some common ground between these two positions that we are faced with right now. The distinguished Senator from Iowa has presented the latest offer that came to us from the administration. The Senator from Minnesota has attempted to amend that, essentially, by substituting virtually the same language that is in S. 884. That is what the majority of the Agriculture Committee agreed to last May. And I think it is well worthwhile remembering that that, in itself, represented a considerable scaling down from what the dairy price support program was. But now we are faced with those two positions, one or the other.

I think all of us were hoping there would be some common ground, some place in between, that would satisfy the requirements of providing at least some minimal support for our dairy producers and at the same time not be too onerous on the budget of the Federal Government. Obviously, up to this minute, we have not arrived at that particular place.

So I think, given that circumstance, I would have to recommend that we support the Senator from Minnesota; that we recognize that when we passed S. 509

earlier this year, back in March, we saved the Treasury then some \$160 million out of the dairy program. S. 884, as originally presented and as now in the bill, will save hundreds of millions of dollars more than would have been saved without those provisions. They are not bountiful by any means, but they are adequate, and I think they are responsible.

But the points of contention between the administration and those Senators supporting the S. 884 dairy program are really small in comparison with the value of the products of the dairy industry. Farm cash receipts from dairy will be approximately \$20 billion in the 1981-82 marketing year. And the difference in cost between the provisions of S. 884—or what the Senator from Minnesota is suggesting—and the amendment by the Senator from Iowa amounts to about \$40 million in 1982, according to the Congressional Budget Office estimates.

And here again we have had some disagreements, some misunderstandings, about actual cost figures. That has been one of the most interesting things about this past week of considerations and negotiations—this moving target of figures that we are shooting at all the time. There is one thing, I think, we can say about these figures, regardless of what happens here today or what is in this final bill: If the Senator from Minnesota has miscalculated, if the amendment he is proposing is enacted and the figures are not correct and the costs soar far beyond what we are anticipating now, then we will be back here before the end of this 4-year bill to do something about that situation. I think the dairy industry recognizes that we have to move toward a better balance of supply and demand. And if that does not occur under whatever we do here, that problem will be addressed, in my judgment, very quickly. We will be back here making the necessary amendments.

And the same is true with the amendment of the Senator from Iowa. If he has miscalculated, if the provisions that he has recommended cause great difficulty, great dislocation in the dairy industry, if dairymen are driven out of business, if the milk supply falls, then we will be back making those adjustments, too.

So I do not believe for a moment that we are locking ourselves into concrete as far as what the total cost of this program might be. And we are dealing with some very nebulous figures. We just cannot put our finger—and neither can the administration or the Congressional Budget Office—on the exact amounts that any of these proposals are going to cost.

Now one thing, it seems to me, that the circumstances would provide if the Senator from Minnesota prevails, and that is, first of all, we maintain a mechanism that generally has been successful. It got too costly; we know that and the industry recognizes that, and the adjustments were made. But the mechanism has done pretty well. And I am not sure

we ought to throw that out right now to meet the particular situation that we are faced with concerning the budget, particularly when there are tools available to do something about it.

I think the amendment of the Senator from Minnesota might well provide a little incentive for the administration to get out and do something with this surplus, to enter into some aggressive sales and export plans that will help lower those stocks and reduce the cost to the taxpayers and bring the program better into balance.

So, for that reason, and for the fact that we are dealing with these two positions, I think our better course at this point is to stay with the proposal of the Senator from Minnesota and then be prepared to deal with whatever might happen if we get into a situation that requires some additional adjustment down the road.

I yield back my time.

Mr. BOSCHWITZ. I thank the Senator from Kentucky. I agree with him that we, indeed, can come back and that we are not locking it into concrete. However, two-thirds of the dairy farms of our country have already gone the way of so many things and they cannot be brought back and before we condemn more of these farmers to an auction I want to maintain the program as I am suggesting.

I yield to my colleague from Vermont.

Mr. LEAHY. Mr. President, I thank my colleague from Minnesota.

Mr. President, I support the amendment by Senator BOSCHWITZ. I do so, obviously, with concern for the farmers of my own State but, also looking at this as a national farm bill. Basically, I think the farm bill we reported out of committee went far enough. In fact, I thought it made too much of a cut in the dairy program, even as it came out of committee. But I also realized—both as a Senator from a dairy producing State, Vermont, and as a Senator holding an office where we have to reflect the interests of the whole country—that, of course, there are going to have to be cuts made, in a time of fiscal austerity, in all farm programs.

When you look at what the cuts were made, Mr. President, our farm bill set the parity at between 70 and 90 percent, but it allowed for a 70-percent level to respond to increased purchases of dairy products.

I understand that the distinguished Senator from Iowa (Mr. JEPSEN) is presenting an administration proposal. The administration proposal really is a last-minute attempt to change all the work done by the committee on the dairy section. In fact, there have been, as Senator HUDDLESTON mentioned earlier, a number of last-minute or last-ditch attempts by the administration to change just about all the work that we did in the committee on the farm bill.

I think, Mr. President, it should be noted that the committee, in a bipartisan effort, had day after day of meetings and markups on all the various farm

programs—not just dairy, not just wheat, not just corn, not just peanuts, not just soybeans, all the programs—in trying to reach a conclusion that would save money for American taxpayers at the same time it maintained some kind of stability in our farm programs. That is a stability that has been sadly lacking, a stability that was just beginning to show up in our farm programs, a stability that is absolutely necessary if we are to maintain not only individual family farms but, also, that ability not only to feed ourselves but to be able to export food abroad.

Mr. President, at a time when we see what a devastating effect our inability to produce the energy we need in this country has had our own national security, can you imagine how devastating it would be on America if we were no longer able to feed ourselves but actually had to depend on other countries and had to import food from them—countries whose interests may be inimical to that of the United States?

This amendment, Mr. President, that the administration has proposed would freeze the dairy price, for example, at \$13.10 and keep it frozen no matter what the parity level may be. That means, quite frankly, that dairy farmers could be faced with a parity level of around 55 percent inside of 4 years. I know what that would do in Vermont. It would destroy most of the family farms in Vermont and that prime agricultural land would be lost forever to some other use. It would mean the same thing in Minnesota, Wisconsin, and a lot of other States.

Our dairy program is operating right now at 80 percent of parity and the committee-reported bill does allow for 70 percent of parity. That is a major change in the program. I think we ought to give that change a chance to work. We recognize the problems in the dairy program. I have told farmers in my State, as I am sure all of us have in our own States, that they are going to have to expect changes, they are going to have to expect cuts. I support realistic, reasonable cuts, whether they are popular or unpopular. But let us go with the cuts we talked about in the farm bill and give them a chance to work. We negotiated this, arrived at it as a bipartisan solution. Let us give it a chance to see if it can work.

The administration amendment really is a raw deal for our Nation's dairy farmers. Again, I do not mean to be parochial, but you look at the farmers in Vermont—we have basically small farms and very conservative people. It is, after all, the most Republican State in the Nation. Our farmers are cautious. They hold down their production, they keep careful account of their budgets. These farmers see some pretty bad economic times ahead. I simply cannot add to their problems by supporting a last-minute administration attempt to balance the budget on the backs of our dairy farmers.

As I said before, I see this bill as a more bipartisan measure. It is the result of hours of work, days of work, morning, noon, and night of work from both Re-

publicans and Democrats. I support the amendment of the Senator from Minnesota to bring us back to what is basically the position that we worked out in the committee, an attempt to support the administration on their budget cuts, but also to have a realistic program.

Mr. President, I understand the distinguished Senator from Oklahoma would like to speak on the bill. I should like to yield to the distinguished Senator if he seeks recognition.

Mr. BOSCHWITZ. Mr. President, I believe I still have the floor and I yield to the Senator from Oklahoma (Mr. BOREN).

Mr. DOLE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. EAST). The Senator will state it.

Mr. DOLE. Did the Senator from Minnesota have the floor?

The PRESIDING OFFICER. The Senator from Minnesota is the last Senator to have been recognized by the Chair.

Mr. LEAHY. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LEAHY. Not that it makes any difference to me, because I yielded back, anyway, but I assumed the floor had been yielded to me at the time I spoke.

Mr. DOLE. The Senator from Kansas does not care, Mr. President, but he did not see the Senator from Minnesota here and I wonder how he did that.

Mr. JEPSEN. Will the Senator from Vermont yield to me?

Mr. LEAHY. I had yielded the floor and I understood at the time I was speaking that the floor had been yielded to me, Mr. President.

The PRESIDING OFFICER. The floor cannot be yielded by one Senator to another. The floor can only be obtained by recognition from the Chair.

Mr. JEPSEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. JEPSEN. Mr. President, I say to the Senator from Oklahoma (Mr. BOREN) that I shall be very brief.

Will the Senator from Vermont yield for a question?

Mr. LEAHY. Yes, Mr. President.

Mr. JEPSEN. The Senator emphasizes that my amendment would mean there would be no adjustment in support prices for 2 years. Is that correct?

Mr. LEAHY. No; I think the Senator may have been listening to one of the other Senators. I did not say that.

Mr. JEPSEN. Did the Senator say that there would be an adjustment in the price support levels from my amendment?

Mr. LEAHY. The Senator said that, according to this Senator's calculations, in 4 years, dairy farmers could be facing a parity level of approximately 55 percent. It is the same position that the Senator took in the informal discussions that we had earlier among the members of the Senate Committee on Agriculture.

Mr. JEPSEN. On what basis does the Senator make that statement? Actually, if the Senator assumes that the cost of the program will exceed \$750 million—that is the only way and only then can

the price go down to \$13.10 a hundredweight. To this point in time, it is considerably above 70 percent of parity. I am trying to find out on what basis the Senator was making his statement that we would have 55 percent of parity in 4 years.

I do not know where these statements come from, but they are coming like popcorn here in the last couple of hours. I expect some explanation as to their basis.

Mr. President, the dairy industry, under my amendment, can assure itself of an increase by bringing its costs to the Treasury down below \$750 million. On the bottom line, that is very simple, \$750 million—in no event less than \$13.10 per hundredweight. That is a far cry from what the Senator from Vermont was essentially alluding to about this amendment.

Mr. LEAHY. Mr. President, would the Senator from Iowa care to tell us what level of parity he would see in 4 years under his amendment?

Mr. JEPSEN. I do not have a crystal ball any more than the Senator from Vermont does. We are trying to provide a way to bring about an economic recovery in this country from the near disaster, on the brink of which we now stand. To do so, I have offered this amendment in keeping with the objective of doing just that and providing adequate support. My amendment provides the latitude for the Secretary of Agriculture to provide between 70- and 80-percent parity support, with a \$13.10 per hundredweight floor, no matter what. No less than that. It is certainly in keeping with the objective of providing adequate support and reducing budget outlays.

Those are the upfront, on-top-of-the-table, candid, honest, simple, straightforward facts of this amendment.

We have just gone through a time when the Senator from Vermont was helpful in most cases on cutting costs, trying to bring reality to some of the Government expenditures, and that is what we are looking at here.

Mr. LEAHY. Mr. President, I am well aware of the administration's proposals here. I am also aware of the various economic prognostications made by the administration.

When they first sought support for the budget they were predicting Federal Treasury bills around 7 percent this time of year, or slightly beyond this time. That, I believe, was predicted by an administration member known as "Rosie Scenario." It did not quite work. That is now changed to 10 percent, which is still not about to work.

I say to my distinguished colleague from Iowa the same things I have said before, and the Senator from Minnesota said them even stronger today: We would have to have a pretty flat level of inflation or a very significant cut in inflation, not only in inflation but also in interest rates, to make this thing work out anywhere near what the administration predicted.

I am not willing to gamble that "Rosie" is right in this regard. In representing the farmers of Vermont, I realize that the administration, which has

been wrong in many areas and which is suffering a bit of an economic credibility gap at this point, as it faces the largest deficits in the Nation's history, is going to be wrong in this one.

In any event, I am not too sure what the parliamentary situation is, but I believe we are intruding on the time of the Senator from Oklahoma, and I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. BOREN. Mr. President, I support the motion of the Senator from Minnesota to restore the provisions of the bill as originally reported by the committee as they apply to price supports for dairy products.

I share the concerns that have been voiced by the Senator from Minnesota and the Senator from Vermont, that under the proposal of the Senator from Iowa there is no guarantee that there would be sufficient adjustments, if any, over the next 3 years to keep the parity value of the price of dairy products from falling far below the 70-percent level.

I basically support the provisions of S. 884 as reported by the Agriculture Committee, not only in this instance but also across the board.

Mr. President, one of the most important pieces of legislation which we will consider this year is the 1981 farm bill—the bill now pending before us today. I hope that every Senator will be mindful of the fact that during the next few days we will be adopting policies which will have a significant impact on the largest industry and biggest employer in this country, American agriculture. Any of our efforts to revive this Nation's economy will depend upon the future economic health of the agriculture economy. It is imperative that this Congress and this administration enact a sound and strong farm program.

While the bill reported by the committee is not perfect by any means, it does provide a framework which will allow our farmers to remain in business. As we heard yesterday from the distinguished chairman of the Agriculture Committee, Senator HELMS, the committee spent many hours fashioning a bipartisan farm bill package.

Serious and painstaking consideration was given to the concerns expressed by everyone interested in farm legislation. Compromises were made in order to minimize the cost of this bill, and at the same time provide some semblance of security for American agriculture. S. 884, as reported by the committee, is a balanced and carefully crafted compromise worked out in more than 25 4-hour markup sessions of the committee.

After reporting the bill, several of us on the committee joined Senator HELMS and Senator HUDDLESTON in pledging our support to the bill being considered today. At that time, we urged Members of the Senate to resist the temptation to offer any amendments which would undermine this legislation. It was pointed out then that the adoption of such amendments would endanger the whole concept of omnibus farm legislation and the structure of the Nation's farm commodity programs.

As late as August 24, a letter from the leadership of the committee was sent to 150 agribusiness and farm groups soliciting their support for S. 884. I, for one, do not take commitments lightly and I do not intend to be a part of any effort to turn our backs on the American farmer.

I have been somewhat surprised by changes that have been suggested in the committee bill. It is hard for me to understand why the bill, which was a fairly good one before we recessed, now needs to be overhauled.

Unfortunately, the administration's idea of modifying the bill is to make it weaker. It is ironic that the argument being used is that because the farmer is in even worse shape than was thought, we should cut the farm program more. As farm financial conditions deteriorate, some respond to the crisis by saying that we should do less to help the farmer.

The excuse seems to be that farm prices are low and are less favorable than was previously forecast and, therefore, we should help our farmers by taking away what little protection was provided by the original bill.

All of us have had experience with phantom budget numbers which thrive in this town. I have seen many cost estimates on this bill, and they all are different. For example, last week, within the space of 3 days, I received three different cost estimates for this bill. Which numbers should we believe? Your guess is as good as mine.

But, let me give some real numbers. Net farm income in 1980 fell to about \$20 billion, down sharply from 1978 and 1979, but when this \$20 billion is adjusted for inflation, farmers received less in income than they have at any time since 1934.

Wheat prices have declined sharply since November 1980, and they are now 16 percent lower than they were 9 months ago. USDA has estimated 1981 production costs at \$5.32 per bushel, or 45 percent more than farmers are currently receiving for their wheat.

We not only have a problem with dairy; we have a problem across the board in terms of agricultural commodities. Cattlemen are going broke, suffering from 20 percent interest rates. In summation, it is basically the same old song, second verse, of farm costs continuing to go up and farm commodity prices continuing to go down.

The growing crisis in agriculture can be demonstrated by one statistic, and I hope my colleagues will think long and hard about what this statistic means. Thirty years ago, total farm debt and annual net farm income were about equal. We had at that time an unadjusted figure of approximately \$13 billion annual net farm income and \$12 billion total farm debt in this country—equality between annual farm income and total farm debt. That was 30 years ago.

Today, total farm debt exceeds annual net farm income by 10 times—roughly \$20 billion of annual net farm income versus \$200 billion of farm debt. In 30 years, we have gone from equality of annual farm income with total farm debt—equality of those two figures—to a ten-

fold relationship of debt being 10 times the size of annual farm income.

With commodity prices below the cost of production and interest rates at 20 percent, we are fast approaching the time at which the burden can no longer be managed. This could lead to a collapse of appreciated land values, which alone have allowed the farmer a bare return on a lifetime of labor.

If we allow this breaking point to be reached, the family farm structure of agriculture, with ownership by individuals instead of corporations, will be a thing of the past.

Now is not the time for any of us to back away from American agriculture. Instead, I suggest we bow our backs and stand side-by-side with the American farmer who provides the basic foundation of our economic and social well-being.

There are those who want to write a farm bill with absolutely no budgetary impact. It can be done. However, as the Senator from Kentucky pointed out recently in a discussion, there is only one drawback to such a bill: It will be of absolutely no help to the farmers. In the past few days, I have felt that there were those who were pushing the administration to write such a bill. To call it a "farm bill" would be to engage in false labeling. Such proposals would more honestly be titled, "The Farm Liquidation Act of 1981."

But I submit to you that American agriculture and our farmers deserve a better deal than they have been getting. I intend to do my best to fight off the expected attempts to weaken or completely ignore the work that was done by those of us on the Senate Agriculture Committee.

I urge all Members of the Senate to join me in supporting this bipartisan farm bill of 1981 and supporting efforts to return the provisions to the original form and in this case to support the efforts of the Senator from Minnesota to return the provisions of S. 884 as they apply to the dairy program.

Mr. DOLE. Mr. President, the Senator from Minnesota is not in the Chamber, and I promised that I would protect his interests, so I plan to move to table the amendment of the distinguished Senator from Minnesota, and I want him to be here for the announcement.

So I will just say a few words while we are waiting for Senator BOSCHWITZ.

I certainly do not disagree with the Senator from Oklahoma, but again it is not enough to say that we have gone through this before because it is always difficult in farm legislation, particularly difficult for the first time that we have had some budget constraints to consider.

I spent some time in my State during the recess talking with a number of farmers. Some of them agree with what we are doing and some disagree. Some were more concerned honestly about inflation and interest rates than about what we might do for them, and I underscore "do for them," with farm legislation.

I think most farmers are probably saying, "The one thing we do not need is more credit, more inflation, higher

interest rates, more regulation, more Government," and they are suggesting this to us directly or indirectly. Some, of course, want higher loan rates and some want higher target prices, and some do not.

It seems to me our obligation is to provide some protection for the farmer.

We believe we have done this, at least I believe, in the target price concept. Some of my colleagues do not. We will have a vote on that later. But if the loan rates were higher, I would say maybe we do not need target prices. Unfortunately, in the wheat-producing States, Oklahoma, Kansas, and others, we are going to have some exposure to target prices this year because we are sort of reaping the rewards of the grain embargo of January 4, 1980, and that is just now coming home to roost as far as the wheat producer is concerned. It could cost up to a half billion dollars in payments.

My farmers for the most part do not want Federal payments. They want to make a profit in the marketplace whether they be a dairy farmer, a wheat farmer, a corn farmer, a soybean farmer, or whatever.

The distinguished Senator from Minnesota has now returned to the Chamber, and I indicated before he left that I would not make any motion in his absence. Unless there is someone who wishes to debate it further, if it is satisfactory to the Senator from Minnesota, I shall move to table his amendment unless he wishes to debate it further.

Mr. BOSCHWITZ. I do not know that debating it further really would achieve anything, so I will not debate at least this amendment further. Perhaps we will have an opportunity after the motion to table to discuss at some length the amendment of the Senator from Iowa.

Mr. DOLE. I thank the distinguished Senator from Minnesota.

I say, finally, this morning the Finance Committee had the dubious distinction of voting out an increase in the debt ceiling of \$1.089 trillion. If Senators do not think we are in trouble in this country, I wish to see how everyone is going to vote on the debt ceiling when it is trotted out about next week when we keep adding more spending and creating more debt. It will be interesting to follow and interesting for me to follow also, for that matter, to see what happens.

I just tell Senators that we just exceeded the trillion-dollar mark. We made history today in the Finance Committee by a very close vote. In fact, it was so close we had to get the thing voted out before the absentees voted. That is how close it was.

I just suggest that there is one thing to vote for more spending, but it is another thing to vote today for the things we voted to spend.

On that basis I feel certain the Senator from Minnesota has made a great argument. The dairy producers in this country deserve all the support they can have, but what they really wish I think is less interest rates and less inflation, and we are not going to have that if we add \$1 billion to the cost of this program which is what his amendment would do.

Going back to S. 884, we did write a

good bill and a lot of people spent a lot of time, Democrats and Republicans, on S. 884. We could have passed it fairly easy, I assume, in the Chamber, except for one thing: It costs too much money, and so we have gone back in a bipartisan effort and I think for the most part succeeded in reducing the impact of that original provision by \$1 billion or more.

This is not an attack or directed at the Senator from Minnesota or the American dairy farmer, but I do move to table the amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Minnesota.

On this question, the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Iowa (Mr. GRASSLEY) and the Senator from Vermont (Mr. STAFFORD) are necessarily absent.

I further announce that, if present and voting, the Senator from Vermont (Mr. STAFFORD) would vote "nay."

Mr. CRANSTON. I announce that the Senator from West Virginia (Mr. ROBERT C. BYRD), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Hawaii (Mr. MATSUNAGA), and the Senator from New Jersey (Mr. WILLIAMS), are necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia (Mr. ROBERT C. BYRD), would vote "nay."

The PRESIDING OFFICER. Is there any Senator in the Chamber who has not voted?

The result was announced—yeas 53, nays 41, as follows:

[Rollcall Vote No. 254 Leg.]

YEAS—53

Armstrong	Gorton	Murkowski
Baker	Hatch	Nickles
Biden	Hatfield	Packwood
Byrd,	Hawkins	Pei
Harry F., Jr.	Hayakawa	Percy
Cannon	Heflin	Quayle
Chafee	Helms	Roth
Cochran	Hollings	Rudman
Cranston	Humphrey	Schmitt
DeConcini	Jepson	Simpson
Denton	Kassebaum	Stevens
Dixon	Laxalt	Symms
Dole	Long	Thurmond
Domenici	Lugar	Tower
East	Mathias	Teagles
Garn	Mattingly	Wallace
Glenn	McClure	Warner
Goldwater	Mitchell	Weicker

NAYS—41

Abdnor	Durenberger	Metzenbaum
Andrews	Eagleton	Moynihan
Baucus	Exon	Nunn
Bentsen	Ford	Presser
Boren	Hart	Proxmire
Boschwitz	Heinz	Pryor
Bradley	Huddleston	Randolph
Bumpers	Inouye	Riegle
Burdick	Jackson	Sarbanes
Chiles	Johnston	Sasser
Cohen	Kasten	Specter
D'Amato	Leahy	Stennis
Danforth	Levin	Zorinsky
Dodd	Melcher	

NOT VOTING—6

Byrd, Robert C.	Kennedy	Stafford
Grassley	Matsunaga	Williams

So the motion to lay on the table UP amendment No. 358 was agreed to.

Mr. JEPSEN. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. The Senator from North Carolina is correct. May we please have order in the Senate? We shall not proceed until we have order in the Senate. We do not currently have order.

Mr. HELMS. Mr. President, I think Senators did not hear the distinguished occupant of the Chair.

The PRESIDING OFFICER. The Senate will not proceed until we have order. Will those Senators who are not conducting business please leave the well?

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, the distinguished chairman of the Ethics Committee (Mr. WALLOP) has a statement he wishes to present to the Senate which I think will be of interest and concern to every Member of the Senate. I yield to the distinguished Senator from Wyoming.

Mr. WALLOP. Mr. President, I thank the distinguished Senator from North Carolina.

The PRESIDING OFFICER. The Senator from Wyoming has the floor and he is entitled to be heard.

SCHEDULE OF PRESENTATION OF TAPE RECORDING EVIDENCE CONCERNING SENATOR WILLIAMS

Mr. WALLOP. Mr. President, I would ask, if I may, to have the close attention of Senators for just a moment.

In conjunction with the remarks of the Senate leadership yesterday concerning the resolution to expel Senator WILLIAMS, the Senate Ethics Committee has prepared a schedule of presentations of the tape recording evidence received by the committee during the adjudicatory hearings held in July.

In order to assist all Members of the Senate in reaching a careful and informed decision on this matter, the Ethics Committee will replay the audio and video tapes in two different formats. First, on Monday, Wednesday, and Friday of next week (September 21, 23, and 25) there will be two identical presentations each day of tape recordings made while Senator WILLIAMS was present. Second, on Tuesday, September 29, and again on Thursday, October 1, we will make available a presentation of all of the tape recording evidence utilized in the committee hearings that was not played during the previous week's presentations. The times and locations for the presentations, and the list of tapes to be played, are set forth in a "Dear Colleague" letter sent to each Member today.

which I am also inserting hereafter in the RECORD.

I urge—and I cannot urge it strongly enough—each Member of the Senate to take advantage of the time available before Senate Resolution 204 comes to the floor in early November to become familiar with the extensive record in this case, and to attend any one of the taping presentations. Senator HEFLIN and I want to be of help to you in every possible way and either of us will be pleased to respond if you need further assistance in this very important matter.

I think, since I have the Senate gathered here, I will take the time additionally just to read the "Dear Colleague" letter so there is no doubt in Senators' minds of what we are trying to do.

DEAR COLLEAGUE: The Senate Leadership announced on Monday of this week that the Senate will proceed to consideration of S. Res. 204 in early November. This will give each Member an ample opportunity to study the extensive record, to view and listen to the "Abscam" tape recordings presented at Committee hearings, and to reach a careful

and informed decision. The Majority and Minority Leaders have each urged all Members to devote time and attention to this very important matter, in order to be prepared to address the issue at the appropriate time.

For your assistance in evaluating the evidence, the Ethics Committee will re-play the audio and video tapes which were received in evidence during the hearings held on July 14, 15 and 28, 1981. On Monday, Wednesday and Friday of next week (September 21, 23 and 25), there will be two identical presentations each day of those tape recordings made while Senator Williams was present. The first presentation each day will be from 9:15 a.m. to 12:45 p.m., and the second from 2:15 p.m. to 5:45 p.m. You may choose to attend at whatever time is most convenient for you. These tape recordings are listed on the enclosure to this letter in the order they will be shown.

On Tuesday, September 29, and again on Thursday, October 1, there will be available, on request, a presentation of all of the tape recording evidence utilized in the Committee hearings that was not played during the previous week's presentations. These sessions will be held each of the two days from 9:30

a.m. to 12:30 p.m., and from 2:30 p.m. to 5:30 p.m.

The presentations will all be in Room 457, Russell Senate Office Building. It is the wish of the leadership that only Senators be admitted. If questions arise during the presentation which require more than a brief factual response by Committee staff present, arrangements may be made for the Committee staff or Special Counsel to meet with you at a later time.

We want to encourage you to attend one of these sessions, and to take advantage of the time available to become familiar with the transcripts and other documentary material. The Committee Report, No. 97-187, was sent to your office last week, as well as the Committee hearings, exhibits, trial and due process hearing transcripts. We especially want to call your attention to Volume 6 of the trial transcripts, in which may be found the verbatim transcripts of the tape recordings which will be played for you.

If you have any questions on any of the materials the Committee has provided, the Committee staff and Special Counsel will be available to you, at your request. Please let us know if we can be of any further assistance to you in this matter.

TAPE RECORDINGS (AUDIO AND VIDEO) TO BE PRESENTED FOR ALL MEMBERS OF THE SENATE ON SEPT. 21, 23, AND 25, 1981

Committee exhibit No.	Audio/video	Date	Location	Participants	Time (minutes)
13 and 13-1	Audio	June 27, 1979	Key Bridge Marriott, Arlington, Va.	Angelo Errichetti, Mel Weinberg, Alexander Feinberg, George Katz, (Senator Williams on phone)	10
14	Audio	June 28, 1979	Key Bridge Marriott, Arlington, Va.	Senator Williams, Angelo Errichetti, Mel Weinberg	7
15	Video	June 28, 1979	Key Bridge Marriott, Arlington, Va.	Senator Williams, Angelo Errichetti, Tony DeVito, Sheikh	33
21	Audio	Aug. 5, 1979	Northwest Airlines Terminal, J. F. K. Airport, New York	Senator Williams, Mel Weinberg, Tony DeVito, Angelo Errichetti	12
23	Video	Sept. 11, 1979	Hilton Hotel, J. F. K. Airport, New York	Senator Williams, Alexander Feinberg, Sandy Williams, George Katz, Angelo Errichetti, Mel Weinberg, Tony DeVito	63
24	Video	Oct. 7, 1979	Plaza Hotel, New York	Senator Williams, Alexander Feinberg, Mel Weinberg, Tony DeVito	48
25	Video	Jan. 15, 1980	Plaza Hotel, New York	Senator Williams, Sheikh	31

Source: Senate Select Committee on Ethics, Sept. 15, 1981.

Mr. President, again, I cannot urge strongly enough for Senators to become personally informed on the issues which are to be presented during the Senate's debate on that resolution. It is too critical a matter to rely upon staff. Staff can help you. They have all the material in the office. But each Senator should be wise enough to view this as critical enough for the reputation of the Senate, the reputation of Senator WILLIAMS, and all of us for the rest of this century to take a personal and profound interest in this matter.

Mr. President, I thank the distinguished chairman for permitting me to have this time. I yield the floor.

Mr. HELMS. I thank the Senator.

AGRICULTURE AND FOOD ACT OF 1981

The Senate continued with the consideration of the bill.

Mr. D'AMATO. Mr. President, section 102 of S. 884 concerns the legal status of producer handlers. A number of my constituents are concerned that the current exemption for producer handlers from milk marketing orders not be adversely affected by the provisions of the dairy title. It seems clear to me that section 102 maintains this exemption. Is this correct?

Mr. HELMS. Yes. The committee wishes to make clear that it approves of keeping the producer-handler method of marketing open to dairy farmers.

With their share of the market now reduced very substantially from previous times, the need for consideration of regulation is even less necessary now and it is more essential than ever that these small businessmen be exempted from the complex pricing requirements of milk marketing orders.

Mr. President, on the condition that I do not lose my right to the floor, I yield to the Senator from Iowa.

UP AMENDMENT NO. 356

Mr. JEPSEN. Mr. President, I wish to modify my amendment. It is a technical change. I wish to modify it to read as follows: On line 4, after the parenthesis, add the words "as amended by section 150 of the Omnibus Budget Reconciliation Act of 1981, is amended by—"

The PRESIDING OFFICER. The Senator has the right to modify his amendment. The amendment is so modified.

The amendment, as modified, is as follows:

On page 134, beginning with line 13, strike out all through line 12 on page 135 and insert in lieu thereof the following:

"Sec. 103. Section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) as amended by section 150 of the Omnibus Budget Reconciliation Act of 1981, is amended by—"

"(a) deleting everything after the first sentence in subsection (c) and inserting in lieu thereof the following:

"Notwithstanding the foregoing, for the period beginning October 1, 1981, and ending September 30, 1985, the minimum level of price support for milk shall be 70 per centum of the parity price therefor: Pro-

vided, That whenever the Secretary estimates that the net cost of Government price support purchases of milk or the products of milk will exceed \$750,000,000 if the support price for milk is established at the level required by the foregoing provisions of this subsection, such level of support may be adjusted to the extent the Secretary deems appropriate but not to a level less than the support level for the prior marketing year: Provided further, That the support price shall in no case be less than \$13.10 per hundredweight of milk containing 3.67 per centum butterfat: Provided further, That the level of support for milk for the remainder of the 1981-82 marketing year may be adjusted in accordance with the foregoing although a level of support for such year has been established prior to the effective date hereof. Such price support shall be provided through the purchase of milk and the products of milk; and

"(b) repealing subsection (d)."

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, the Senator from North Carolina hopes that an accommodation may be in the process of being worked out on the pending amendment. For that reason, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 359

(Purpose: To restore the text of the dairy price support provisions contained in the bill as reported and to provide authority for the Secretary of Agriculture to waive, in whole or in part, the annual adjustment of the support price of milk if estimated net support purchases exceed \$750,000,000 in any fiscal year and to make clear that the support price for milk for the year beginning October 1, 1981, will be not less than \$13.10 per hundredweight)

Mr. BOSCHWITZ. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Minnesota (Mr. BOSCHWITZ) proposes an unprinted amendment numbered 359 in the nature of a substitute for unprinted amendment numbered 356.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike out all after "Viz.:" and insert in lieu thereof the following:

On page 134, beginning with line 13, strike out all down through line 12 on page 135 and insert in lieu thereof the following:

SEC. 103. (a) Section 201(c) of the Agricultural Act of 1949 (7 U.S.C. 1446(c)) is amended by striking out the second sentence and inserting in lieu thereof the following: "Notwithstanding the foregoing, effective for each of the fiscal years during the period beginning October 1, 1981, and ending September 30, 1985, whenever the Secretary estimates that the net cost of Government price support purchases of milk or the products of milk will exceed \$500,000,000 or that net Government price support purchases of milk or the products of milk will exceed 3.52 billion pounds (milk equivalent) during any fiscal year, the price of milk beginning on October 1 of such fiscal year shall be supported at such level, as determined by the Secretary, not less than 70 per centum of the parity price thereof except that beginning on October 1, 1981, the price of milk shall be supported at not less than \$13.10 per hundredweight for milk containing 3.67 per centum milk fat."

(b) Section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended by adding thereto a new subsection (d) as follows:

"(d) Notwithstanding the provisions of subsection (c) of this section, effective for the period beginning on October 1, 1981, and ending September 30, 1985, the Secretary shall adjust the support price of milk to not less than 70 per centum of the parity price thereof on April 1 of each fiscal year, if on that date the support price of milk is below 70 per centum of the parity price thereof. Notwithstanding the foregoing sentence, if on March 1 of any fiscal year the Secretary estimates that the net cost of Federal price support purchases of milk and milk products during such fiscal year will exceed \$750,000,000 if the support price for milk is established at the level required by the foregoing provisions of this subsection, the Secretary may waive, to the extent he deems necessary, the adjustment of the price support price for milk otherwise required to be made on April 1 of such year."

Mr. BOSCHWITZ. Mr. President, we have just voted on a second-degree amendment to the amendment of the Senator from Iowa, the second-degree amendment having been presented by

me, and it incorporated the language of S. 884, with the addition of a \$13.10 minimum. The language of S. 884 called for a semiannual adjustment of parity.

Parity, as Senators know, is a system of relating the farmer's costs to what he receives for his goods. This administration has taken a very firm stand, and I have voted with them in most instances, against semiannual adjustments, whether it be in the field of pensions or any other area. I must say that I have a certain sympathy for that position and, as indicated, have voted that position on a number of occasions.

Therefore, this amendment changes S. 884. In the event that what my friend and colleague from Iowa says is true, that there will be large removals by the CCC in excess of \$750 million, we will forego, under this amendment, the semiannual adjustment, and there will be an annual adjustment of 70 percent; and in the event that removals are projected—not happen, but are projected—by the Department of Agriculture to be in excess of \$750 million for that year, then the semiannual adjustment will be vitiated.

That really is the difference between the amendment we offered earlier and the amendment we now offer—that the semiannual adjustment will be vitiated in the event that projections of dairy removals exceed \$750 million.

All the arguments have been made in our last round of debate with respect to the preceding amendment, and I do not want to repeat them all and spend the time of the Senate. So, without losing my right to continue the debate and answer the questions of some of my colleagues, at this point I yield the floor. I will call for a rollcall vote on this matter.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. JEPSEN. Mr. President, will the distinguished Senator from Minnesota advise the Senate what the estimated cost of this amendment is above and beyond the proposed basic amendment?

Mr. BOSCHWITZ. Once again, as the Senator from Iowa knows, we have seen a series of figures. Apparently, the amendment I offered prior to this one was going to be \$1.2 billion more over the course of 4 years, and this amendment is approximately half that.

Mr. JEPSEN. That sounds logical and reasonable, and it is probably as accurate as any figures we might get if we researched it for a couple of hours. So we will forgo that.

This would be approximately \$600 million, or approximately one-half of what the other was, since it would be semiannually instead of annually.

Mr. President, here we go again. We are talking again about helping dairy producers work out the problem of excess supplies, and no matter what happens today or tomorrow or next year or 10 years or 20 years from now, if they continue on the basis they have been, everything is going to be the same. Instead of having 70 percent of parity, or \$13.10, we will have excesses of milk and milk supplies that will bring it down considerably below that, and somebody is going to be hurt.

The fact of life is that we have to get this under control, and we have to keep in mind on a positive basis the twin objectives providing both adequate support, which my basic amendment does, and also at the same time reducing budget outlays in the total picture of what this administration, this Congress, and this Senate, and my distinguished colleague from Minnesota included, has been trying to do and bring about.

The facts of life are that if the dairy industry can assure itself of working out their excess production, as I indicated before, I would be up front helping them to increase consumption, thereby assuring that they would not exceed the \$750 million which basically the Department of Agriculture and this Government is saying that they will subsidize. They will support to the amount of \$750 million with a base of \$13.10 per hundredweight even if it exceeds that. I just hasten to point out the dairy industry can assure itself of an increase by bringing its costs to the Treasury down below \$750 million.

Whether it be the dairy industry, or I can assure the Senate any other department, whether it be HHS or HUD, or some of the spending programs we have anywhere else, my attitude and posture is going to be the same thing. It is a little more difficult, as I say, being probably one of the few Senators here who has a direct interest in the dairy business, but I say this, and I hope that we will come to an early vote on this and get voting on my amendment.

Mr. DIXON. Mr. President, will the Senator from Minnesota yield for a question regarding this amendment?

Mr. BOSCHWITZ. I yield.

Mr. DIXON. I advise the Senator that I voted for the motion to table on the prior amendment proposed by the distinguished Senator from Minnesota which I understood to be the amendment which incorporated the terminology in S. 884. That is correct, is it not?

Mr. BOSCHWITZ. That is correct.

Mr. DIXON. The amendment the Senator from Minnesota is now proposing, as I understand the case, is the amendment that was discussed extensively in the meetings of the Agriculture Committee last week concerning the attempt of the committee to reach some type of an honorable compromise between the position that the committee took in its deliberations which spans several months as reflected in S. 884 and the present position of the administration. Is that correct?

Mr. BOSCHWITZ. The Senator from Illinois characterizes this amendment quite correctly when he says it is an honorable compromise.

Mr. DIXON. As I look at the cost estimates on the farm bill, which were made available to us by the Congressional Budget Office during our committee deliberations, it is a fair statement, is it not, that in each of the years 1983 through the outyear 1986, there would be a substantial savings in this amendment compared to the prior amendment proposed by the Senator from Minnesota? Is that true?

Mr. BOSCHWITZ. That is indeed correct, and I will, after the Senator is through, correct some of the figures that

I discussed with the Senator from Iowa a minute ago.

Mr. DIXON. CBO's figures show that over \$600 million would be saved over the period of those 4 years, the life of this bill, compared to the prior amendment which was rejected on a motion to table 53 to 41, by this second amendment now being proposed by the distinguished Senator from Minnesota; is that correct?

Mr. BOSCHWITZ. The Department of Agriculture has given us numbers that indicate that skipping the midyear adjustment would bring about a savings of \$170 million so that the savings would be \$680 million between this amendment and the preceding amendment. If I may continue for a moment, these last figures that we received from the administration were on September 9 and frankly the difference between my amendment now and the amendment of the Senator from Iowa is \$26.8 million a year, not the \$500 million or \$600 million over the course of the 4-year farm bill, which would be \$125 million or \$150 million a year. I caution my friend from Illinois once again that we get a whole bunch of figures, but at least the last figures we have show that there is a rather nominal difference between this amendment and the administration's position.

Mr. DIXON. I thank the Senator from Minnesota and ask him further: Is it not true that with respect to every single commodity contained in this bill the committee in its earnest effort has made a compromise generally reflected in the amendment agreed to and proposed by the distinguished chairman of our committee, that is, on all the other commodities there has been a compromise, something that I would refer to as an honorable compromise reflecting a resolution of the differences of opinion as reflected in S. 884, the committee bill, and the administration's position? Is that not true?

Mr. BOSCHWITZ. That is indeed correct.

Mr. DIXON. The Senator is now proposing, as I understand it, in his second amendment, having had his first amendment tabled on a vote of 53 to 41, what he believes and what many of us in that committee believed was an honorable compromise between S. 884 and the position of the administration; is that not the case?

Mr. BOSCHWITZ. I certainly agree with the Senator.

Mr. DIXON. I just wish to tell the Senator from Minnesota that I did not support him on the prior amendment, but I think this is a good amendment in the spirit of compromise for the committee has reached a compromise on every other commodity. I thank the Senator for the information he has given me on this amendment.

Mr. JEPSEN. Mr. President, will the Senator from Illinois now yield?

Mr. DIXON. I yield.

Mr. JEPSEN. Did I understand the Senator to say that there was a big savings in this amendment over the last amendment?

Mr. DIXON. Relative to the last amendment, that is my understanding.

Mr. JEPSEN. How much of a savings was there?

Mr. DIXON. Over the total life of the bill CBO's figure is over a half billion dollars, although I think the Senator from Minnesota told me he thought it was \$680 million.

Mr. JEPSEN. In any event, I point out that having been in sales management most of my life, I understand the play on words and the positive way of presenting something. Here we have an amendment that cost \$1.2 billion which was just lost and now we are coming up with an amendment that only costs \$600 million; therefore, we save \$600 million. It is kind of like some of the spend-yourself-rich philosophy that has been taking place in the last 25 years in Washington. It is kind of like a drunk trying to drink himself sober; \$600 million savings does not exist. It is \$600 million additional expense above and beyond what has been reasonably added to this program by way of a support that is proposed in the basic amendment that I have.

The cost again of the basic amendment plus this one now is, as the Senator has indicated, \$600 million more than would otherwise be so.

We cannot have it both ways. If we are going to keep our twin objective of providing adequate support on a permanent and a lasting basis for the dairy industry and reducing budget outlays, trying to get a handle on this runaway inflation and high interest rates and all the things we are trying to do here, we cannot do both. We cannot have it both ways.

Mr. DOLE. Mr. President, I appreciate the fact that we are going to save half of what we did not have in the first place. We are out of money. We are trying to find ways to squeeze a little more out of the food stamps and medicare, and those programs that affect low income America.

I do not suggest that the dairy farmers should not have a good program. They have a good program.

We have been on a 20-year spending binge in Congress and are starting to sober up around here.

We spent our generation's money, we spent the next generation's money, and we are now going on. What is \$600 million? It is only \$600 million. It is \$600 million that we are going to have to find in some other place.

This Senator is willing, if there is any indication of somehow someone got better treated than the dairy farmer, which I doubt in any farm bill, we will go back and take a look at the wheat program. Maybe we can save more money in the wheat program, maybe we can save more money in the corn and feedgrain program, and maybe we can save more money in the rice program.

What this Senator wants is to get a farm bill passed. I thought we had sort of a loose coalition. It is very loose because some of those members of the coalition went the other way. We are having it both ways and as long as it is that loose it is all right.

We are talking about \$600 million. That may not be much money in normal

times, but these are not normal times. I still have to believe that the farmers in the State of Kansas and every State in this country want us to break the back of high interest rates and break the back of inflation.

They are willing to make a contribution. I know a lot of people out here who are talking to us in the lobby. They do not get paid for asking for lower prices. The lobbyists get paid for looking for higher prices, higher support, more tax money, and I appreciate that, and I have supported them a lot, probably should not have, but I did.

But now we find ourselves in the position of whether or not we are going to have a farm bill at all, which depends, I think, on the vote on this motion to table, and I am going to move to table the amendment in a minute.

So the choice is ours. Some people do not want a farm bill at all. One way, I guess, to assure that is to let this motion fail.

I want to commend the distinguished Senator from Minnesota. He has been diligent, he has been stubborn, in the right way, he has fought every inch of the way, and I think I admire that—I know I admire that—in anyone.

But I think, on the other hand, I do not believe this \$600 million we are talking about is going to save the dairy industry of America over a 4-year period. What would save the wheat, dairy, feedgrain, and other industries is to get the interest rates down.

We are going to store up—we have butter we cannot sell, butter I guess we would not sell, and we have a lot of things piled up in the storage bins that cost a lot of money just to keep, and the farmers are not cutting back their herds. The milk producers are not cutting back their herds. Why? Because they are making a good profit. I just hope we will defeat this amendment, we will table this amendment, and then move on to what I think the distinguished chairman and Senator HUNDLESTON have worked out, sort of a bipartisan coalition on some of the other commodities.

This is one Senator, if the wheat thing is too high in the eyes of some people, and the rice thing is too high, who will go back and take some out of those programs?

What we need is a farm program, and we need it very quickly, and we can argue about whether it is \$1 billion or \$600 million or zero. This administration and the Secretary of Agriculture believe in agriculture. The Secretary is a farmer. He wants to make a profit.

He is not going to advocate a program that is not going to make a profit for the American dairy farmer, and he is not advocating that now. But there are certain restraints, and we know what those restraints are. That does not mean we cannot try to break those restraints. It does not mean we all have not participated in that in the past, and maybe some of us, all of us, will in the future. But I hope all those who are members—we do not have any membership cards in the coalition—but I think we have an obligation because we are going to have up next, I might say, maybe cotton is

going to be up, and then maybe sugar is going to be up, and then peanuts are going to be up, and somebody is going to think about tobacco, and that will be up.

I want to remind all of those people that if we do not solve the dairy problem there will not be any need to talk about peanuts or tobacco or sugar or anything else. If this amendment is not tabled, that is the end of the farm bill so far as this Senator knows, and I have not discussed it with the chairman.

So I think it is that serious. It is not criticism of anybody who offers this amendment. We have to eat a few now and then. We ate a few in the tax bill. Some we could swallow, some we got to conference with. But I do not want to shut anyone off before I move to table the amendment.

Mr. BOSCHWITZ. Mr. President, if I may just comment very briefly, do not spend the \$600 million before it is out the door. The administration's estimates that we had were just in excess of \$100 million over the 4 years.

I again repeat we have never been down as low in parity as we are going to go under this suggestion, and that indeed we should give that an opportunity to work and see if it will work.

As my colleague from Kentucky, Senator HUDDLESTON, pointed out, we are not casting this bill in concrete, and if it does not work and if, indeed, the population of cows goes up and we continue to have these large surplus this fall, I will find myself, together with you, Senator, and Senator JEPSON and others, seeking to adjust as we adjusted this past March the skipping of the semi-annual adjustment, so we can indeed adjust it even after it is passed.

But I believe in the American farm system. I believe in what I am doing. I believe that probably it will not cost the \$600 million referred to earlier. The farmer you spoke about, the low-income American will suffer. Most farmers are certainly in that group, and I hope my colleagues will support this amendment.

Mr. DOLE. Mr. President, I would just say that some of the other commodities would like to get up to 70 percent. I do not know of any other commodity—maybe peanuts and one other—but that is not the question here. Maybe parity is no longer a good measure, maybe it never was, but wheat is about less than 50 percent, corn is less than 50 percent. If we could get up to where dairy was, we would have a problem in this country.

I might also say to the Senator from Minnesota that we meet every year, and I have known it to happen before, and if, in fact, we think we have caused an adverse impact on dairy production, we can change the law. Congress is meeting, and I know we have done that in off years before where we raised parity for dairy because of an adverse impact. In fact, I joined Senator Humphrey not very many years ago in doing that.

So this is not an antidairy producer. It is an effort to get a farm bill passed and, therefore, I move to table the amendment.

Mr. BOSCHWITZ. Mr. President, if I may respond prior to the Senator's making that motion, I agree, as we have dis-

cussed before, Senator, that indeed your wheat farmers, due to their efficiency and due to their productivity—

Mr. DOLE. And due to the embargo. Mr. BOSCHWITZ. Due to the embargo, about which we both feel the same way, that the price is not 70 percent of parity. But certainly their efficiency and productivity have risen and compensated to a large degree for it not being that percentage of parity.

I yield the floor.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. I move to table the amendment of the distinguished Senator from Minnesota.

The PRESIDING OFFICER. A motion has been made to table the amendment.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the motion to lay on the table the amendment of the Senator from Minnesota. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Iowa (Mr. GRASSLEY), the Senator from Oregon (Mr. HATFIELD), and the Senator from Vermont (Mr. STAFFORD) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from West Virginia (Mr. ROBERT C. BYRD), the Senator from Hawaii (Mr. MATSUNAGA), the Senator from New York (Mr. MOYNIHAN), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia (Mr. ROBERT C. BYRD) would vote "nay."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 51, nays 42, as follows:

[Rollcall Vote No. 255 Leg.]

YEAS—51

Armstrong	Hawkins	Pell
Baker	Havakawa	Percy
Biden	Heflin	Pryor
Bumpers	Helms	Quayle
Byrd,	Hollings	Roth
Harry F., Jr.	Humphrey	Rudman
Cannon	Jepson	Schmitt
Chafee	Kassebaum	Simpson
Cochran	Lavalt	Stevens
Denton	Long	Symms
Dole	Lugar	Thurmond
Domenici	Mathias	Tower
East	Mattingly	Tsongas
Garn	McClure	Wallop
G'enn	Murkowski	Warner
Goldwater	Nickles	Weicker
Gorton	Nunn	
Hatch	Packwood	

NAYS—42

Abdnor	Burdick	Dixon
Andrews	Chiles	Dodd
Baucus	Cohen	Durenberger
Bentsen	Cranston	Eagleton
Boren	D'Amato	Exon
Boschwitz	DeConcini	Ford
Bradley		Hart

Helms	Leahy	Randolph
Huddleston	Levin	Riegle
Inouye	Melcher	Sarbanes
Jackson	Metzenbaum	Sasser
Johnston	Mitchell	Specter
Kasten	Pressler	Stennis
Kennedy	Proxmire	Zorinsky

NOT VOTING—7

Byrd, Robert C.	Matsunaga	Williams
Grassley	Moynihan	
Hatfield	Stafford	

So the motion to lay the amendment (UP No. 359) on the table was agreed to.

Mr. JEPSEN. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment, as modified, of the Senator from Iowa.

The amendment (UP No. 356), as modified, was agreed to.

Mr. JEPSEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Is there further amendment to be proposed?

UP AMENDMENT NO. 360

(Subsequently numbered amendment No. 544.)

(Purpose: To eliminate acreage allotments, marketing quotas, poundage quotas, marketing penalties, and other provisions applicable to the production of peanuts and authorize a new price support program for such commodity effective beginning with 1982 crop)

Mr. LUGAR. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Indiana (Mr. LUGAR) for himself, Mr. PELL, Mr. TSONGAS, Mr. COHEN, Mr. DANFORTH, Mr. DURENBERGER, Mr. HAYAKAWA, Mr. JEPSEN, Mr. PERCY, Mr. STAFFORD, Mr. HATFIELD, Mr. RIEGLE, Mr. LEVIN, Mr. HUMPHREY, Mr. BOSCHWITZ, Mr. GARN, Mr. GORTON, Mr. HATCH, Mr. HEINZ, Mr. QUAYLE, Mr. SPECTER, Mr. GRASSLEY, Mr. ROTH, and Mr. DODD proposes an unprinted amendment numbered 360.

Mr. BAKER. Mr. President, I ask unanimous consent, with the agreement of the distinguished sponsor of the amendment, that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 197, beginning with line 13, strike out all down through line 2 on page 212 and insert in lieu thereof the following:

"REPEAL OF EXISTING PROGRAM

"Sec. 701. (a) Effective beginning with the 1982 crop of peanuts, part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1357-1359), relating to peanuts, is repealed.

"(b) Effective beginning with the 1982 crop of peanuts, the Agricultural Act of 1949 is amended—

"(1) by striking out 'and peanuts' in section 101(b); and

"(2) by striking out 'peanuts,' in section 408(c).

"PRICE SUPPORT FOR PEANUTS

"SEC. 702. Effective beginning with the 1982 crop of peanuts, section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended—

"(1) by inserting 'peanuts,' after 'honey,' in the language preceding subsection (b); and

"(2) by adding at the end thereof a new subsection (g) as follows:

"(g) The prices of the 1982 and subsequent crops of peanuts shall be supported at such level as the Secretary considers appropriate, taking into consideration the eight factors specified in section 401(b) of this Act, the cost of production, any change in the index of prices paid by farmers for production items, interest, taxes, and wage rates during the period beginning January 1 and ending December 31 of the calendar year immediately preceding the crop year for which the level of support is being determined, the demand for peanut oil and meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets."

ORDER OF BUSINESS

Mr. BAKER. Mr. President, if I may have the attention of the Senate for just a moment, I have consulted with the distinguished author of this amendment and with the managers of the bill. It is the intention of the leadership to go out about 6 or a little after tonight and to bring the Senate in fairly early tomorrow.

I am advised that Senator LUGAR will take more than a half-hour for him to make his presentation tonight, so there will be no further rollcall votes this evening.

Mr. LUGAR. Mr. President, I propose, on behalf of myself and 28 cosponsors, an amendment to title VII, the peanut price support section of S. 884. This amendment would delete the acreage allotment and poundage quota provisions contained in S. 884, and substitute a straightforward loan support program parallel to those for corn, wheat, soybeans, rice, and other crops.

The peanut program began many years ago when farmers in peanut producing areas were in difficult straits. Production was vastly greater than domestic demand, and effective overseas demand at that time was almost nonexistent.

Starting in the 1930's and continuing into the mid-1960's, many commodities had rigid production restrictions and some had marketing controls. We had acreage allotments for wheat, corn and many other crops until 1973, and the permanent agricultural price stabilization law still authorizes such restrictions for our "basic" crops. In fact, these regulations are now seen as outdated and we do not use them any longer. Today, peanuts are the last food crop for which these production controls are maintained.

The predicament we face is that 59,100 owners of land have allotments on which peanuts can legally be grown. Most of these persons do not farm at all; they rent their allotment to the farmers who actually produce the peanuts.

In 1979, these rents averaged \$115 per acre, a pure monopoly cost added to the price of peanuts. In some areas, these

rents are as high as \$400 per acre. Roughly 20 percent of the cost of producing peanuts in the United States is strictly a monopoly rent paid to 59,100 fortunate individuals and corporations.

Further restrictions on production are imposed under current law by assigning each acre a poundage quota to limit overall supplies.

Only part of the peanuts grown on an allotment acre fall within this quota and are eligible for one level of price support; the balance are eligible for another, lower level of support. This two-tiered loan support system sets much higher loan rates for peanuts consumed domestically than it does for peanuts marketed for export or crushed for oil and meal.

Consumers are the real victims of this arrangement. According to USDA statistics, the peanut provisions contained in S. 884 would increase consumer costs by at least \$175 million over the life of the bill.

In order to oversee all these restrictions and regulations, the Government has underwritten the development of area grower associations who market peanuts as agents for both the Commodity Credit Corporation and the growers. They are the clearinghouses for all peanut price support transactions. They insure that the artificial distinction between peanuts provided within quotas and "additional" peanuts is preserved so that only high-priced quota peanuts go to domestic markets.

In addition to the associations, there is a vast Federal/State inspection team involved with the quality of peanuts. The estimated annual cost to the Federal Government of administering this program is over \$9 million involving nearly 500 employees, most of them non-Federal.

To assure consumers of an adequate supply of fresh, wholesome peanuts, a price support program is absolutely necessary. Without price supports, temporary seasonal gluts in production would cause very erratic prices for farmers and consumers.

However, the complex web of regulations and restrictions contained in current law and S. 884 is not justifiable. The perils of growing peanuts are very real, but they are not so drastically different from the risks attached to other crops that they warrant such extraordinary protection.

A simple loan support program similar to those in effect for other crops, would offer adequate protection to peanut producers, assure consumers of stable prices and a high quality product, and lower the administrative and financial burden to the Federal Government.

Mr. President, the current program is really so badly in error that we simply need to discard it and move to a system comparable to those in effect for most other crops. Consider one example.

In the early 1930's, when soybeans were a minor crop, American farmers harvested about the same number of acres of peanuts as soybeans. However, peanuts generated about twice as much income. By the late 1930's, the value from producing soybeans caught up with peanuts.

But in 1941, marketing quotas and acreage allotments were established for peanuts.

Soybean producers, however, opted to be free from rigid controls and to compete with other commodities. The rest of the story is well known. World demand for soybeans exploded. We now plant annually about 70 million acres of soybeans compared with only 1.6 million acres of peanuts.

In 1979-80, U.S. soybean exports totaled nearly 24 million metric tons, while U.S. peanut exports amounted to less than one-half million tons. That same year, soybeans were the number one cash crop earner, returning \$13.2 billion to U.S. farmers and accounting for a tenth of total U.S. farm cash receipts. This compares with \$0.8 billion for the sale of peanuts in 1979.

Defenders of the current program assert that would-be reformers are trifling with a "fine tuned mechanism," and that any change would only bring chaos and hardship to peanut producers. Similar warnings were sounded in 1975 when an allotment system was ended for rice. When the House of Representatives debated ending the allotment system for rice, Representative Poage, former chairman of the House Agriculture Committee, stated:

I am opposed to this bill, believing, as I did last year, that it means the destruction not only of a successful rice program but also the demise of several other agricultural programs and the forcing back into poverty of a number of our agricultural producers.

Contrary to the distinguished Congressman's predictions, eliminating the acreage allotments for rice did not destroy our domestic rice industry. Rice is now being grown in places where it had been illegal—in other words, on the land where it can be produced most efficiently and cheaply.

Prior to the 1975 reforms, the United States produced an average of 100.9 million hundredweights of rice for the 5 preceding years. During that same time period, total consumption averaged 95 million hundredweights per year. This meant an average yearly surplus of 5.9 million hundredweights.

For the 5 years following the reforms in the rice program, production increased to an average of 125 million hundredweights. However, for that same time period, consumption also increased to 125 million hundredweights, bringing supply and demand into perfect balance.

Rice producers are now responding to supply and demand signals instead of the phony price signals caused by Government restrictions and are prospering by doing so.

This current peanut program is a "fine tuned mechanism" only for the 59,100 allotment owners. To producers forced to rent allotment rights, and to consumers paying needlessly high prices for peanuts, this program looks more and more senseless.

My opponents argue that, because peanuts are perishable and cannot be stored for long periods of time, any change in the current peanut program would cause the entire marketing system for peanuts to collapse, leaving peanuts in the fields

to spoil. It is preposterous to assert that the market economy would allow a valuable resource such as peanuts simply to go to waste.

The perishability issue arises only because of today's static situation in which Government policy has obviated the possibility of futures markets or other market-ordering apparatus.

Shortly after I announced that I would offer my peanut amendment during the floor debate of the farm bill, I received a letter from the New Orleans Futures Exchange expressing an interest in setting up a futures market for peanuts if our reforms were adopted. As outlined in the letter, one of the criteria for establishing a futures market is no rigid governmental price controls.

Unless my amendment is adopted there will continue to be no futures market for peanuts, denying peanut farmers of the opportunity in a market economy to hedge, to employ delayed pricing, and to forward contracts.

President Reagan is making a strong effort to place our economic emphasis on supply-side economics and free market principles.

Unfortunately, none of these policies are reflected in the peanut provisions contained in S. 884. Until Congress can see its way toward eliminating restrictive programs whose advantages are confined to a select few, long-term economic recovery remains unlikely.

We have talked about attacking inflation on the supply side. Supply-side economics means creating those conditions in which people are most likely to allocate scarce resources successfully. In that sense, the amendment that my colleagues and I have offered is a supply-side economic bill.

It offers incentives for people to use their best judgment, with the freedom to grow or not to grow peanuts as they see fit. We aim to encourage peanut production on those farms on which peanuts can be produced most efficiently. Only this sort of system is consistent with the philosophy of the new administration, and with the agricultural heritage through which we have prospered.

(Mr. COHEN assumed the chair.)

Mr. LUGAR. During the course of the debate on the farm bill substitute language has been offered to S. 884, which I would want to acknowledge, by the distinguished chairman of the committee and at least nine other members of the committee.

The provisions of S. 884 have been modified in four significant ways: First of all, the majority of the committee have reduced the national poundage quota from 1.3 to 1.24 thousand tons.

Second, they have reduced the quota of loan rate to \$596 per ton—and that is in contrast to the \$631 listed initially in S. 884, a reduction of \$35 per ton.

Third, they provide that there shall be no criminal penalties for violation of peanut marketing quotas; and, fourth, they have provided that no person may exercise allotment rights without sufficient tillable land to support the allotment. Any allotment/quota surrendered for lack of tillable land shall revert to a pool to be distributed to new growers.

I would say, Mr. President, that I acknowledged the contributions made by the authors of the new language and clearly they are a step forward. Without knowing precisely the cost figures, I accept the fact that most of the peanut program, as represented originally by S. 884, has been substantially limited. Some would argue, as may the authors of the new language, that the net cost estimates will come out at zero.

It seems to me important to acknowledge at the outset of this debate, Mr. President, that the total cost of the peanut program is not the major issue here. It is an important issue and, to the extent that participants in the debate have narrowed that focus so that it does not become an issue, so much the better for the American taxpayers and for the strength of the farm bill.

Very clearly, the changes made are an acknowledgement that many farmers in this country resent the fact that they cannot plant peanuts on their land. That remains a fundamental issue that has not been dissipated by changes made in the bill thus far. It is a key issue in my amendment. I suspect that it will be unique in my amendment, as opposed to secondary amendments or substitutes that may be offered.

I am saying, Mr. President, in essence, that the right to grow peanuts in this country ought not to be allotted to anyone by inheritance, by passing on from year to year, nor to involve monopoly rents.

Mr. President, representation has been made in the course of the committee markup of this legislation, and certainly many Members have heard arguments orally or written in the press, that the peanut system represents a way of life; that it is an ingrained part of the fabric of at least 10 States in which there are substantial numbers of peanut growers; and that one problem with my amendment, among others, is that it uproots that entire system in one fell swoop, that it takes what has been thoroughly ingrained over the course of over 40 years and not only uproots it but places peanuts in precisely the same situation as soybeans and corn and other commodities that we have been discussing.

Mr. President, the numbers involved in the peanut situation are relatively small. In the same way that I acknowledge that the cost of the total program is almost minuscule in comparison to the dairy debate we have just had or the target price support situation that we shall have, and those are very big figures, peanut figures are very small.

By the same token, it seems to me that those who are proposing the current system or minor modifications of it are hard pressed to point out how 59,100 plots scattered over 10 States so visibly affects the fabric or are of such fundamental political and economic importance. The numbers simply do not add up to that.

As a matter of fact, in the States that are involved, the numbers, at most, do not come out to more than 20,000-plus in the largest case and, as I recall, 15,000 in the second largest. These are important figures.

But to say that the entire fabric, the

ethic, the sociological and political structure rests on those numbers is to stretch credibility.

The peanut project has always been very small. I would submit this is one reason it has escaped attention. It has been extremely complex, and the amount of money involved has often seemed hardly worth the attention, perhaps, of the committee or of Senators and, thus, a system which, on the face of it seems to me to be vastly unfair, as one compares different crops and how they are treated in this country, has escaped minor attention. As a matter of fact, many persons have simply thrown up their hands in trying to figure out what the whole peanut situation was about.

In my initial paragraph, I tried to describe it succinctly. But I want to do so in one other way.

The facts of peanuts are that some time ago an allotment system was set up, which means that the number of acres in the country planted with peanuts was limited. So there is the first limitation—a number of acres in this country that can be planted; the same acres, as a matter of fact, owned by 59,100 people. A limitation of acres.

Now, in years past, that was sufficient. But in due course farmers became more efficient in producing peanuts. As a result, the number of peanuts that could be grown on a number of acres grew by a multiple of almost three. As a result, to maintain a limited supply, a second restriction came into being—poundage quotas.

In short, Mr. President, the limitation first persists that you must plant peanuts on a specific one of 59,100 plots, but, having done that, only a certain number of pounds can be marketed at the first tier loan rate.

If you are an efficient peanut farmer and you, in fact, produce, as most efficient peanut farmers do, more pounds of peanuts than will be supported by the first tier loan rate, you would qualify for a second tier. Those peanuts could go into the export trade or they could be crushed for oil and they would be supported by a different and much lower loan rate.

Nowhere in this system, Mr. President, is there the possibility for a farmer in Indiana, for example, to plant peanuts, because there are no plots available. In the event that a farmer in Indiana should finally qualify for a plot due to new legislation or some change of the system, that farmer would then have to be very careful how many pounds he produced of peanuts, and a rigid system of segregating the sheep from the goats literally pertains, with a good number of people spending a lot of time making certain the two were not confused.

Under this type of an agricultural setup, as I have illustrated in my statement, peanuts have hardly flourished as a crop in this country. As a matter of fact, they have lost ground consistently. They are a battle crop. They represent all that occurs when something literally withers on the vine due to special interests and overprotection and minute attention to the detail that the laws be rigidly followed without deviation.

It is interesting, Mr. President, that

one of the substitute proposals made into this legislation yesterday addressed the thought that there would be no criminal penalties for violation of peanut marketing quotas.

It may come as a surprise to many Senators that we should be addressing the thought of obviating criminal penalties, that there could be anything that serious about planting peanuts in this country.

But, Mr. President, the people involved in peanuts have taken this issue very seriously, extraordinarily seriously.

The issue has been taken so seriously that what really, in fact, almost could be a point of humor is taken almost as a matter of honor. I simply must say, Mr. President, that I think we have an interesting debate here, but this is not a monumental national question.

It is an extraordinary event for someone offering an amendment to try to minimize the scope of the amendment, but I think it is simply important to put in perspective that bit by bit it will whittle down the cost of the program, and I congratulate those who have done that. They have certainly moved in the right direction. What they have also done is to minimize the crop. We have never had a vibrant peanut industry and we shall never have one under these conditions.

Those who are champions of peanuts, those involved in the dynamic aspects of the peanut industry, of course support legislation that will make it possible for them to plant.

What I am proposing, Mr. President, is simply that peanuts be planted in the most efficient places in this country; that the interests of consumers and the industry will flourish if, in fact, efficient producers are allowed to make this crop grow; that an efficient marketing futures industry be allowed to flourish; that the principles established when the rice situation changed abruptly in 1975 would pertain dramatically to peanuts in 1981.

It is an extraordinary point of view, perhaps, for some to encompass, Mr. President, but the points that I am making are pro peanut industry, pro peanut grower. The only persons who are in difficulty with this particular amendment are those among the 59,100 who do not grow peanuts, who have land which was basically inefficient for peanut growing to begin with, those who have been obtaining monopoly rents.

Now, Mr. President, the case has been made with regard to the latter that in this 59,100 group in our society scattered over 10 States there are many poor people. The suggestion has been made that granted the system is not efficient, granted it does not pertain to the market economy, granted it really has been disastrous for the growth, relatively, of peanuts in relation to soybeans, rice, or anything else going on in our economy, the whole thing ought to be perpetuated because there are many persons over the course of 40-some years of this system who now have grown old owning plots of land, who are old and poor, and who have small plots besides.

Mr. President, it is not long ago that we debated the so-called minimum payment in social security on this floor. The case was also made that that \$122 payment might in some cases be denied to individuals in our society who were old and poor. The President of the United States and the leadership of both Houses have pledged to try to identify those persons and to try to make the system whole to help them. It is not a far-fetched parallel, Mr. President, in terms of arguing this situation.

A careful analysis of 59,100 would show that there are, among those plots, some held by persons who are old and poor. It would show that certain amounts of income, albeit rather small ones, have been counted upon by these elderly and poverty-stricken individuals.

The case might well be that the peanut program that is being maintained in its current status is an appropriate way to handle social security or income transfer for those individuals; that, in fact, it is not an agricultural program at all; that it ought not to be judged on the basis of having anything to do with agriculture in this country; that, as a matter of fact, it is a welfare program, a benign one in which good people are participating and receiving income from monopoly rents in this form; that to break all that up and to create an agricultural program out of this would do violence to the memories of those persons who have held on so long and so well.

Mr. President, that simply will not work. I appreciate the compassion in the statements made in behalf of persons who have in fact been receiving these payments. I have no doubt that we ought to take a look at their situations, and, as a compassionate Congress, try to deal with that in a transfer payment income maintenance program outside the agriculture bill.

But, Mr. President, the time has come to take a look at the last commodity that we can use for food, and a very good one, a product that is enjoyed and used by many Americans and would, in fact, be enjoyed by many more, if, in fact, we had a dynamic market, if we had marketing at all, as a matter of fact. Those who really champion the cause of peanuts will be for my amendment. They will be for it because it brings peanuts into the 1980's, into a dynamic supply-side situation in which peanuts are really marketed and in which we move on.

Mr. President, I appreciate one more set of arguments that has been offered with regard to this bill. I mention this situation simply because each one of us in our various constituencies have groups of people we have tried to serve well. I think anyone who sits around the table in the Agriculture Committee appreciates precisely the predicament of Senators who want to make certain that the arguments are well made for constituent groups in their States, whether they be agricultural, whether they be industrial, or whoever, as a matter of fact, that they may be arguing for.

I appreciate the fervor, the sincerity, with which the distinguished chairman of our committee and the distinguished

Senator from Alabama (Mr. HEFLIN) and others, have argued this point during markup and subsequently, in very vigorous defense of a case that I think is very tough to make except on emotional grounds, compassionate grounds, welfare grounds, on historical grounds—it happened a long time ago and it is very hard to change at one time—on the ground that we have not really considered the details sufficiently in the course of time; that most Senators are unaware of the complexity of the program; that if, in fact, we knew how finely tuned all this was we would not disrupt it.

But, Mr. President, ultimately, peanuts and the peanut-growing constituency have to stand a test of rationality and fairness the same as any other group of people.

There is no objective reason why peanuts should be treated differently than soybeans, corn, wheat, the dairy farmers we have discussed throughout most of this day, or any other group in our society. There is no reason at all, Mr. President, why the peanut program must remain a special program beyond scrutiny, and prior to this year, any real attempt to understanding the program.

I think, Mr. President, that the majority of the Senate now understands the program and they are sympathetic, with those who are going to vote on the process of this program being changed.

Mr. President, I think the argument can be made in due course that, as opposed to such an abrupt change, a total change, we ought to have incremental change, we ought to feather this in year by year over a long period of time.

I appreciate that sort of an argument. It is one that I shall argue against.

The scope and size of this program can best be met by meeting it head on presently. This is the time when we focus on it, and the Senate shall not focus on this problem very often.

Mr. President, my case is one for the end of allotments, for the end of the poundage arrangements, the tiers 1 and 2. It is for a system like that which is enjoyed by those who produce other commodities comparable to peanuts. It involves loans and purchases of the Secretary of Agriculture, in his discretion.

It is a type of discretion that will make certain that the cost of the program is minimal because the Secretary will not offer loan rates that, in fact, cause outlays. I mention that because it came up during the course of our markup, an argument that, somehow or other, my proposal, with present market economics, would be extraordinarily costly. That is impossible, by definition. The Secretary is not going to set loan rates that cost the Treasury money, by definition. He will make certain that the net cost of this is zero. But he will have the discretion to do so, taking a look at marketing objective facts, year by year, and supplies that are available.

The Secretary will be in favor of seeing this crop of peanuts in our country grow, become a vital domestic and foreign market, in the same way that so many of our other great crops have literally taken

off after this type of complex situation was removed from them.

Mr. President, I ask for consideration of these arguments. I obviously await further debate from my colleagues. I am hopeful that they will find favor and, in due course, pass my amendment by a majority vote.

(Mrs. KASSEBAUM assumed the chair.)

Mr. HELMS. Madam President, I do not think the able Senator from Indiana has any doubt about my respect and affection for him. We have discussed the peanut program on a number of occasions. I have learned that, at least on this subject, I am absolutely without any persuasive power on him whatsoever, insofar as this issue is concerned. I respect him nonetheless. I am not going to make or even attempt to make, at this hour, a rebuttal of the arguments so ably presented by the distinguished Senator from Indiana. I will say that what he is proposing involves a number of aspects, none of which I consider to be particularly wise.

For example, he is proposing an annual outlay of up to \$325,450,000 for the peanut program, the outlay being from the Commodity Credit Corporation. And that is per year, Madam President. That is not over the life of this bill; that is per year.

Contrast that, if you will, Madam President, to the fact which the Senator from Indiana acknowledges, that we—meaning the Agriculture Committee or the majority of the committee—propose that not 1 thin dime of cost be attributed to this program.

Mr. LUGAR. Will the distinguished Senator yield for a question on that?

Mr. HELMS. If the distinguished Senator will let me finish my point, I shall be delighted to yield to him.

The loss, Madam President, under the proposal by the distinguished Senator from Indiana, will be \$196,075,000 a year. That is loss, the nonrecoverables, as the budget people say. The \$325,450,000 figure I mentioned earlier would be the CCC's outlay. That is the dollar side of this argument. I think we clearly win it and I think the Senator from Indiana indicated that we would win that because our proposal contemplates zero loss.

Before I proceed, let me yield to my friend.

Mr. LUGAR. Madam President, I appreciate the distinguished Senator's yielding.

During the course of my remarks, does the Senator recall that I indicated that my proposal would have zero cost, simply by definition of the Secretary having offered a loan rate which would make the cost zero? Therefore, the total argument is a washout with regard to cost. Both systems, that proposed by the distinguished Senator from North Carolina and the one of my loan rates proposed by the Secretary would come, I gather, to zero.

Does the Senator recall that? Where, in my remarks, would there be any suggestion of a \$320 million outlay in any particular year?

Mr. HELMS. I do not think the Sec-

retary would agree with the Senator on those figures, but we shall get to that tomorrow in some detail when we discuss this fully. The simple truth is that we have to use a loan rate established at a reasonable percentage of parity. The Senator himself suggested 68 percent in his press conference the other day on this issue.

I do not say that in any hostility. I am not trying to paint the Senator into a corner, but he cannot have it both ways.

Mr. LUGAR. Will the Senator yield once again for a short question?

Mr. HELMS. With the understanding that I did not interfere with the Senator's discourse, I am glad to yield again.

Mr. LUGAR. Madam President, did the Senator, in the course of reading my press conference transcript, see any evidence of the figure of 68 percent? If so, I simply plead that that figure was not used. As I recall, the only time it might have been used was in a hypothetical argument that occurred during markup. My argument today did not say 68 percent, nor did I the other day. I simply inquire of the Senator whether he has any retrospect on that question?

Mr. HELMS. I stand corrected. The staff said it was earlier this year that the Senator did use 68 percent. The Senator is entirely correct about that.

Madam President, Senator LUGAR and I have discussed the peanut program. I tried my best to make the argument that the Senate floor—during a debate on a farm bill, which is fraught with complications aside from the peanut program—is not the place even to consider jerking the rug out from under countless thousands of people who, in good faith, have invested in the peanut program through the years.

I say readily to the Senator from Indiana that I do not know what my position would be if this peanut program or any other farm program, for that matter, were to be proposed for creation at this time. What I have said to the Senator, and I ask him to correct me if I am wrong, is that what we ought to do is reduce the cost of the peanut program to zero, and then have the Senator introduce a bill, as opposed to an amendment on the farm bill, to take a look at the peanut program and perhaps others. Then let us have the fairness to call in witnesses to ascertain for certain the damage that will be done to people who have invested in a Government program through the years and to make sure that we do not heap inequity upon them.

I have pledged to the Senator that if he will do that, as chairman of the Committee on Agriculture, I will immediately call hearings on such a piece of legislation. I do not know how to be fairer than that. I reiterate to the Senator that I will do precisely that.

But to come here at this time, in effect, to destroy the program, with how many Senators on the floor? One, two, three, four, five, six—seven, counting the able Senator from Kansas, who is presiding. No Senator is likely to be in his office listening to this debate on the loudspeaker at this hour.

This is not an emotional question; it is not a welfare question; it is a ques-

tion of equity. It is a question of fairness. It is a question as to whether we really want to jerk the rug out from under people who, in good faith, have invested in a program enacted years ago by Congress, and to do so at an additional cost, in terms of potential loss, of \$196,075,000 per year.

I say to my friend from Indiana that if the shoe were on the other foot and the Senator were a peanut State representative and this were proposed to affect adversely his constituents, I would be standing here and saying, "Senator LUGAR, you have an ally to insist on fairness to the people of Indiana."

Madam President, that is about all I am going to say this evening. I have comments which I will make tomorrow in explanation of the program.

I do hope the Senate will approach this matter in a spirit of fairness, considering the countless thousands of people who will be affected adversely; and, considering the offer I have made repeatedly, not only to the Senator from Indiana but also to others interested in this type of legislation, that we will have hearings and we will have hearings promptly. And, there will be no effort by the Senator from North Carolina, as chairman of the Committee on Agriculture, Nutrition, and Forestry to bottle up any bill.

I simply say that this is neither the time nor the place to take such drastic action as contemplated under the Senator's amendment.

I yield to the Senator from Georgia.

UP AMENDMENT NO. 361

(Subsequently numbered amendment No. 545.)

(Purpose: To provide a new program for peanuts for the 1982 through 1985 crops)

Mr. MATTINGLY. Madam President, I have an amendment at the desk, and I offer it as a substitute for the amendment by Senator LUGAR, and I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Georgia (Mr. MATTINGLY) proposes an unprinted amendment numbered 361 in the nature of a substitute for unprinted amendment numbered 360.

Mr. MATTINGLY. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the language proposed to be inserted, insert the following:

TITLE VII—PEANUTS

SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS

SEC. 701. Effective only for the 1982 through 1985 crops of peanuts, sections 358, 358a, 359, and 371 and part 1 of subtitle C of title III of the Agricultural Adjustment Act of 1938 are amended as follows:

(1) Subsections (a) through (j) of section 358 shall not be applicable to the 1982 through 1985 crops of peanuts.

(2) Subsections (a) through (h) of section 358a shall not be applicable to the 1982 through 1985 crops of peanuts.

(3) Subsections (a), (b), (d), and (e) of section 359 shall not be applicable to the 1982 through 1985 crops of peanuts.

(5) Part I of subtitle C of title III shall not be applicable to the 1982 through 1985 crops of peanuts.

NATIONAL POUNDAGE QUOTA AND FARM POUNDAGE QUOTA

SEC. 702. Effective for the 1982 through 1985 crops of peanuts, section 358 of the Agricultural Adjustment Act of 1938 is amended by adding at the end thereof new subsections (k) through (q) as follows:

"(k) Not later than December 1 of each year, the Secretary shall announce a minimum national poundage quota for peanuts for the next marketing year. The minimum national poundage quota for each of the 1982 through 1985 crops of peanuts shall not be less than 1,100,000 tons reduced in each such crop year, as provided in subsection (m) of this section, by the amount of any forfeited poundage quotas.

"(l) The minimum national poundage quota established under subsection (k) of this section shall be apportioned among the States on the following basis: The poundage quota allocated to each State shall be equal to the percentage of the national poundage quota allocated to farms in the State for 1981, and such State poundage quota shall be allocated among the counties within such State in accordance with regulations established by the Secretary and in accordance with the provisions of subsection (o) of this section, taking into consideration each county's historical production of peanuts.

"(m) A farm base production poundage shall be established for each farm which had an acreage allotment for the 1981 crop year. The farm base production poundage for any such farm shall be the same as the farm base production poundage for such farm for the 1981 marketing year. Such farm base production poundage shall be the same for such farm for the 1982 through 1985 marketing years, except that if the farm base production poundage, or any part thereof, is permanently transferred in accordance with section 358a of this Act, the receiving farm shall be considered as possessing the farm base production poundage (or portion thereof) of the transferring farm for all subsequent marketing years. If any part of the farm base production poundage is allocated to a farm on which there is inadequate cropland available on the date of the enactment of the Agriculture and Food Act of 1981 to produce the amount of the farm base production poundage on such farm, the portion of such farm base production poundage that cannot be produced on such farm shall be forfeited, and, to the extent such farm base production poundage is comprised of quota poundage, such quota shall be subtracted from the national poundage quota for all subsequent years, except that in any case in which the farm base production poundage (or any portion thereof) was leased for production in 1980 or 1981, the farm base production poundage (or portion thereof) shall be allocated to the farm to which it was most recently leased.

"(n) For each farm for which a farm base production poundage was established for the 1981 crop of peanuts, and when necessary for purposes of this Act, a farm yield of peanuts shall be determined for each farm. Such yield shall be equal to the average of the actual yield per acre on the farm for each of the three crop years in which yields were highest on the farm out of the five crop years 1973 through 1977. In the event that peanuts were not produced on the farm in at least 3 years during such five year period or there was a substantial change in the operation of the farm during such period (including, but not limited to, a change in operator, lessee who is an opera-

tor, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms which are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(o) (1) A farm poundage quota shall be established by the Secretary for each marketing year for each farm for which a farm base production poundage was established for the 1981 crop of peanuts, and such farm poundage quota shall be equal to the farm base production poundage multiplied by the factor determined by dividing the State poundage quota established in subsection (l) of this section by the sum total of all farm base production poundages in effect in such State for the 1981 marketing year.

"(2) The poundage quota so determined shall be increased by the number of pounds by which marketings of quota peanuts from the farm during previous marketing years (excluding any marketing year before the marketing year for the 1989 crop) were less than the farm poundage quota.

"(3) For any crop of peanuts, a quantity of peanuts equal to the quantity of peanuts undermarketed during such previous years may be produced and marketed in subsequent years, and such quantity of peanuts (undermarketing carry forward) shall be considered quota peanuts, except that in order to qualify for such undermarketing carry forward in any year, a producer must have planted an acreage on the farm to peanuts in the previous year which, when multiplied by the farm yield of peanuts as determined in accordance with subsection (n) of this section would have yielded 75 per centum of the quota poundage for the farm for peanuts for such previous year.

"(4) Notwithstanding the foregoing provisions of this subsection, if the total of all increases under paragraph (2) of this subsection in individual farm poundage quotas exceeds 5 per centum of the national poundage quota for the marketing year, the Secretary shall adjust such increases so that the total of all such increases does not exceed 5 per centum of the national poundage quota.

"(p) Not later than December 15 of each calendar year the Secretary shall conduct a referendum of farmers engaged in the production of quota peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to poundage quotas with respect to the crops of peanuts produced in the four calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the second, third and fourth years of the period. The Secretary shall proclaim the results of the referendum within 30 days after the date on which it is held, and, if more than one-third of the farmers voting in the referendum vote against quotas, the Secretary also shall proclaim that poundage quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

"(q) For the purposes of this part and title I of the Agricultural Act of 1949—

"(1) 'quota peanuts' means, for any marketing year, any peanuts produced on a farm having a farm base production poundage, as determined in subsection (m) of this section, which are eligible for domestic edible use as determined by the Secretary, which are marketed or considered marketed from

a farm, and which do not exceed the farm poundage quota of such farm for such year;

"(2) 'additional peanuts' means, for any marketing year (A) any peanuts which are marketed from a farm for which a farm base production poundage has been established and which are in excess of the marketings of quota peanuts from such farm for such year, and (B) all peanuts marketed from a farm for which no farm base production poundage has been established in accordance with subsection (o) of this section;

"(3) 'crushing' means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or otherwise when authorized by the Secretary; and

"(4) 'domestic edible use' means use for milling to produce domestic food peanuts and use on a farm for purposes other than for seed."

SALE, LEASE, OR TRANSFER OF FARM BASE PRODUCTION POUNDAGE

SEC. 703. Effective for the 1982 through 1985 crops of peanuts, section 358a of the Agricultural Adjustment Act of 1938 is amended by adding at the end thereof new subsections (i) and (j) as follows:

"(i) The owner or operator of any farm for which a farm base production poundage has been established under this Act may, subject to such terms, conditions, or limitations as the Secretary may prescribe, sell or lease any part of the right to all or any part of such farm base production poundage to any other owner or operator of a farm within the same State for transfer to such farm. The owner of a farm shall be permitted to transfer all or any part of such farm's farm base production poundage to any other farm owned or controlled by him.

"(j) Transfers (including transfer by sale or lease) of farm base production poundage under this section shall be subject to the following conditions (1) no transfer of farm base production poundage from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders; (2) no transfer of farm base production poundage shall be permitted if the county committee determines that the receiving farm does not have adequate cropland to produce the farm poundage quota; (3) no transfer of farm base production poundage shall be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer complies with the provisions of this section; and (4) such other terms and conditions which the Secretary may by regulations prescribe."

MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS

SEC. 704. Effective only for the 1982 through 1985 crops of peanuts, section 359 of the Agricultural Adjustment Act of 1938 is amended by adding at the end thereof the following new subsections:

"(f) (1) The marketing of any peanuts for domestic edible use in excess of the farm poundage quota for the farm on which such peanuts are produced shall be subject to penalty at a rate equal to 140 per centum of the support price for quota peanuts for the marketing year (August 1 through July 31) in which such marketing occurs. The marketing of any additional peanuts from a farm shall be subject to the same penalty unless such peanuts, in accordance with regulations established by the Secretary, are either (A) placed under loan at the additional loan rate in effect for such peanuts under section 108 of the Agricultural Act of 1949 and not redeemed by the producers, (B) marketed through an area marketing association designated pursuant to section 108(c) of the Agricultural Act of 1949, or (C) marketed under contracts between handlers and pro-

ducers, pursuant to the provisions of subsection (j) of this section. Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or if the peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty. Peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins. If any producer falsely identifies or fails to certify planted acres or fails to account for the disposition of any peanuts produced on such planted acres, an amount of peanuts equal to the farm's average yield, as determined under section 358 (n) of this Act, times the planted acres, shall be deemed to have been marketed in violation of permissible uses of quota and additional peanuts and the penalty in respect thereof shall be paid and remitted by the producer.

"(2) The Secretary shall authorize, under such regulations as he shall prescribe, the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or reduce marketing penalties provided for under this subsection in cases in which such committees determine that the violations which were the basis of the penalties were unintentional or without knowledge on the part of the parties concerned. Errors in weight which do not exceed one-tenth of 1 per centum in the case of any one marketing document shall not be considered marketing violations except in cases of fraud or conspiracy.

"(3) The person liable for payment or collection of any penalty provided for in this section shall be liable also for interest thereon at a rate per annum equal to the rate of interest which was charged the Commodity Credit Corporation by the Treasury of the United States on the date such penalty became due.

"(4) The provisions of this section shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less if the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm.

"(5) Until the amount of the penalty provided by this section is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to marketing quotas in which the person liable for payment of the penalty has an interest shall be in effect in favor of the United States.

"(6) Notwithstanding any other provision of law, the liability for and the amount of any penalty assessed under this section shall be determined in accordance with such procedures as the Secretary by regulations may prescribe. The facts constituting the basis for determining the liability for or amount of any penalty assessed under this section, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and shall not be reviewable by any other office or agency of the Government or any court of law. Nothing in this section shall be construed as prohibiting any court of competent jurisdiction from reviewing any determination made by the Secretary with respect to whether such determination was made in conformity with the applicable law and regulations. All penalties imposed under this sec-

tion shall for all purposes be considered civil penalties.

"(g) Additional peanuts shall not be retained for use on a farm except for use as seed and shall not be marketed for domestic edible use.

"(h) Upon a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 120 per centum of the loan level for quota peanuts on the quantity of peanuts which the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(i) The Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108(c) of the Agricultural Act of 1949. Quota and additional peanuts of like type and segregation or quality may, under regulations prescribed by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(j) Handlers may, under regulations prescribed by the Secretary, contract with producers for the purchase of additional peanuts for crushing, export, or both. All such contracts shall be completed and submitted to the Secretary (or if designated by the Secretary, the area marketing association) for approval prior to April 15 of the year in which the crop is produced, except that if any handler contracts with a producer for additional peanuts produced on a farm for which a farm base production poundage has been established at a price equal to or more than 105 per centum of the loan level for quota peanuts not in excess of the farm base production poundage, such peanuts may be utilized as quota peanuts if (1) such contract is approved before April 15 of the year in which the crop is produced, and (2) all of the producer's quota peanuts have been contracted for before or at the same time that the producer's additional peanuts are contracted for.

"(k) Subject to the provisions of section 407 of the Agricultural Act of 1949, any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus (1) 100 per centum of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season upon delivery by and with the written consent of the producer, (2) not less than 105 per centum of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer by not later than December 31 of the marketing year, or (3) not less than 107 per centum of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year. For the period from the date additional peanuts are delivered for loan to April 30 of the calendar year following the year in which such additional peanuts were harvested, the area marketing association designated pursuant to section 108(c) of the Agricultural Act of 1949 shall have sole authority to accept or reject lot list bids when the sales price as determined under this section equals or exceeds the minimum price at which the Commodity Credit Corporation

may sell its stocks of additional peanuts, except that the area marketing association and the Commodity Credit Corporation may agree to modify the authority granted by this sentence in order to facilitate the orderly marketing of additional peanuts."

PRICE SUPPORT PROGRAM

SEC. 705. Effective only for the 1982 through 1985 crop of peanuts, title I of the Agricultural Act of 1949 is amended by adding after section 107 a new section 108 as follows:

"PRICE SUPPORT FOR 1982 THROUGH 1985 CROPS OF PEANUTS

"Sec. 108. Notwithstanding any other provision of law—

"(1) The Secretary shall make price support available to producers through loans, purchases, or other operations on quota peanuts and on additional peanuts which are produced on a farm for which a farm base production poundage has been determined in accordance with section 358(m) of the Agricultural Adjustment Act of 1938, and which are not in excess of the farm base production poundage, at such levels as the Secretary finds appropriate, taking into consideration the eight factors specified in section 401(b) of this Act and any change in the index of prices paid by farmers for production items, interest, taxes, and wage rates during the period beginning January 1 and ending December 31 of the calendar year immediately preceding the marketing year for which the level of support is being determined, except that (A) the base level price support for the 1982 through 1985 crops shall be not less than \$480 per ton; (B) quota peanuts shall be supported at a level not less than 124 per centum of such base level of price support; and (C) additional peanuts referred to above in this paragraph shall be supported at such percentage of the base level price support as the Secretary estimates will result in no loss to the Commodity Credit Corporation for the marketing year concerned. The levels of price support so announced may not be reduced by any deductions for inspection, handling, or storage, but the Secretary may make adjustments for location of peanuts and other adjustments authorized by section 403 of this Act.

"(2) The Secretary may make price support available to producers through loans, purchases, or other operations on additional peanuts which are in excess of a farm's base production poundage, or which are produced on a farm with no farm base production poundage. In determining the support level for such additional peanuts, the Secretary shall take into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets, but in no case may the level of price support for such additional peanuts be set at a level which the Secretary estimates would result in the Commodity Credit Corporation incurring a loss on the price support program for such additional peanuts for the marketing year concerned. The Secretary shall announce the level of price support, if any, for such additional peanuts of each crop not later than February 15 preceding the marketing year for which the level of price support, so announced, is to be in effect.

"(3) (A) In carrying out paragraphs (1) and (2) of this section, the Secretary shall make warehouse storage loans available in each of the three producing areas (described in 7 CFR 1446.10 (1980)) to a designated area marketing association of peanut producers which is selected and approved by the Secretary and which is operated primarily for the purpose of conducting such loan activities. The Secretary may not make warehouse storage loans available to any cooperative which is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section

and in section 359 of the Agricultural Adjustment Act of 1938. Such area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938. Loans made under this subparagraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and section 359 of the Agricultural Adjustment Act of 1938.

"(B) The Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by type for quota peanuts handled under loans for additional peanuts placed under loans and for additional peanuts produced without a contract between handler and producer described in section 359(j) of the Agricultural Adjustment Act of 1938. Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed in proportion to the value of the peanuts placed in the pool by each grower. Notwithstanding any other provision of this section, and distribution of net gains on additional peanuts of any type to any producer shall be reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts of a different type placed under loan by such grower.

"(4) Notwithstanding the foregoing provisions of this section or any other provision of law, no price support shall be made available by the Secretary for any crop of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358(p) of the Agricultural Adjustment Act of 1938."

REPORTS AND RECORDS

SEC. 106. Section 805 of the Food and Agriculture Act of 1977 (91 Stat. 947) is amended by striking out "1981" and inserting in lieu thereof "1985".

SUSPENSION OF CERTAIN PRICE SUPPORT PROVISIONS

SEC. 707. Section 101 of the Agricultural Act of 1949 shall not be applicable to the 1982 through 1985 crops of peanuts.

Mr. EXON. Madam President, I have been listening with great interest to the debate on the amendment offered by the Senator from Indiana and the explanation of the position of the chairman of the Agriculture Committee. I am trying to inform myself on this matter, because I believe it is critically important.

At this juncture, I am not sure whether I am in a position to support the amendment offered by the Senator from Indiana. I say, in all candor, that a week ago I certainly would have been against the amendment being offered by the Senator from Indiana, because I was one of those who felt somewhat informed on agricultural issues. I was fully aware of the fact that the agriculture bill reported by the Agriculture Committee was "a weak bill," from any traditional measure.

I said yesterday, on the floor, that everyone is concerned about the cost of agricultural programs, and I cited facts and figures that clearly showed that the costs of agricultural programs as a percentage of the Federal budget are going dramatically down rather than up. I objected to the fact that the American farmer, in all lines of production, by and large, was being unfairly taken advantage of by the farm bill reported by the Senate Agriculture Committee.

However, I assured the Chair that I was prepared, reluctantly, to accept the bill that came from the Agriculture Committee because I felt that perhaps that was the best we could do under the circumstances; and I felt that the farmers of this Nation were indeed ready to make the fair and equitable sacrifices, to use the words of the chairman of the Agriculture Committee, with regard to an agriculture bill.

However, when we talk about fairness and when we talk about equity for peanut growers or tobacco growers or anybody else, we have to discuss that in the context of what is fair not only for peanut growers and tobacco growers but also for the producers of other crops that are generally considered in the agriculture area.

That is why I stood on the floor yesterday and stand on the floor again today in opposition to the "compromise" that was rather hastily put together by a bare majority of the Agriculture Committee on Wednesday, Thursday, and Friday last.

When we talk about fairness and equity, we should also realize and recognize that when we talk about such programs as tobacco and peanuts, we are talking about a crop we do not grow in Nebraska. We do not grow those crops in most States of the United States for several reasons, but mainly we do not grow them because it is a carefully protected program, a carefully targeted program, which goes way back into history.

While the farmers of any State in the Union can raise all the corn and wheat they want, in any place in the United States, that is not so with regard to certain crops such as peanuts and tobacco.

I thank my colleague from Indiana for bringing this up on the floor of the Senate, because I believe it is about time we discussed these things. I say to my friend from Indiana that 10 days ago or a week ago or perhaps even the day before yesterday, I would have voted against his amendment, because there was more or less an understanding by those of us primarily concerned about agriculture, who knew that whatever bill came out of the U.S. Senate or the House of Representatives this year was not going to be a good bill by any past measurement at all, and we were ready to take our sacrifices. We were supposedly going to hold together, and it has been known for a long time that the amendment was going to be offered by the Senator from Indiana. So I say to my friend from Indiana that he may well be picking up some support that he did not think he had.

Obviously, all kinds of deals were being made which are being reflected in the final works of the agriculture bill that finally has come before us, with a surprise amendment adopted by the committee after the bill was reported.

I thought it was rather interesting, talking about fairness and equity, to read a story that came on the wire services sometime this afternoon, by the Associated Press. The caption is "Farm Bill, By Bob Pick." It states:

The Senate, responding to Reagan administration objections about costs, is trying to pare even more from the "cost-conscious" farm price support program drafted by its Agriculture Committee.

Then it goes on and on.

The last paragraph is rather revealing, and it reads as follows:

Block (referring to the Secretary of Agriculture) has abandoned his fight for other major changes in farm price support programs in the new farm bill to concentrate efforts on reducing target levels and slashing the cost of the dairy price supports.

Madam President, I think that says something for what is going on. We all know and let us lay it out on the line that the shape of the present farm bill that is before this body was shaped after the deals that the President made with certain people from the Sunbelt States to insure the passage of the famed budget and tax cut bills.

I will have more to say about this in the days to come before we finally vote on this bill, I hope.

But I say in all candor and I think it should be laid right out on the line that all kinds of deals were made by representatives in Congress and with the help of the President, in fact his engineering, to get their votes for the budget and the tax cut bill. He made deals with them that are now showing up in the final product of the bill that is before the Senate today which is called the ag bill.

The President did not have to make deals with the Northern State Senators. He did not have to make deals with the Congressmen from the North because most of them are Republicans anyway and they were locked in. Not so with the boll weevil Democrats from the South.

I think that this bill is a bad bill. I hope that we will come to our senses sometimes and recognize that a farm bill should be written separate and apart from the President's wishes on either the budget bill or the tax cut bill.

I hope that we will know that when we are dealing with something as important as agriculture we should not have to rely on present understandings and pressures from 1600 Pennsylvania Avenue on what the makeup of this farm bill should be.

So I am to be watching the deliberations and the negotiations that go forward on this bill.

I will simply say to my friend from Indiana that while I am not in basic sympathy with what he is trying to do, I recognize that there is some validity to the points that have been made by the distinguished chairman of the Agriculture Committee with regard to fairness and equity to those who have invested in the peanut program around the United States.

But when we talk about fairness and when we talk about equity, we should realize and recognize that there are other food producers who likewise have made investments in their plant, who I think basically are being abandoned by this proposed farm bill that is the product of the Reagan administration.

Madam President, I yield the floor.

Mr. BAKER. Madam President, if the managers of the bill will permit me before we proceed any further, it is now

6:25, and I hope we might conclude the business of the Senate at a fairly early hour this evening.

I inquire of the managers if they are willing to lay aside this measure until tomorrow at 10 a.m.?

Mr. HUDDLESTON. I am willing.

Mr. HELMS. Yes.

Mr. BAKER. I find a general and even an enthusiastic affirmative response.

Mr. PERCY. Madam President, will the Senator yield? I wish to make a statement supporting the Lugar amendment.

Mr. HELMS. Will the Senator mind standing on the other side of the Chamber when he says that?

Mr. BAKER. Madam President, I am most gratified with the variety of Senators' remarks and yield to the Senator from Illinois.

Mr. PERCY. Madam President, I rise in support of the amendment offered by Senator LUGAR to terminate the very unsound, unreasonable, and unfair provisions of the current peanut agricultural program and to authorize a program for peanuts comparable to that in effect now for other agricultural commodities.

It is hard to imagine a more compelling set of facts in support of abandonment of major features of the current program. Essentially those facts are as follows:

First, in the United States, any person in any State may plant and market any edible agricultural item he wishes, except peanuts. He needs special governmental authority to grow peanuts, and he cannot get it without either buying land which historically has had a peanut acreage allotment and thereby paying his respects to this feudalistic land system, or by asking someone who has an allotment to please accept his money to rent that allotment so that he may legally grow peanuts on his own land. These rental payments, both to those who own the allotments and from those who do not, run into the thousands of dollars in many individual instances.

Second, 70 percent of the peanuts, according to the Department of Agriculture, are produced on these rented allotments; and, therefore, while most agricultural programs do help those doing the actual farming, such is not the case with the 70 percent of the peanuts produced on rented allotments. A higher support price usually just means that the actual farmer who is renting an allotment must pay more to rent this Government-anointed franchise.

Third, not only may anyone not grow peanuts without special governmental authority, he also is prevented from importing peanuts except for a microscopic peanut import quota which has been effect almost continuously for over 30 years. This virtual peanut import embargo is in effect for the purpose of preventing imports from interfering with this ridiculous acreage allotment and production control program. Thus, most folks are prevented from growing and marketing peanuts, and practically everyone is prevented from importing them.

Fourth, this program works contrary to the interest of the actual peanut farmers, against the interest of manufactur-

ers in my State and in other States who use these peanuts, contrary to the interest of the employees of these manufacturers, and lastly, and in my opinion of equal importance, contrary to the interest of the millions of American consumers of peanut butter, salted peanuts, and peanut candy.

Fifth, the situation this past year has been unusually bad. We have been told that the major shortage and the high peanut prices occurred because of the drought and indeed the drought was responsible. However, if Federal law did not require that 94 percent of the peanuts be produced in only a few counties in just six States, then the danger from adverse weather would be spread throughout a much broader geographical area and considerably lessened. In my State, thousands of workers were temporarily unemployed during the past year because of inadequate peanut supplies.

In closing, Madam President, while there are so many elements of this peanut program that surprise and astonish me, none exceeds my amazement more than the fact that it has the support of some who are otherwise recognized as strong believers in free enterprise, opposed to unnecessary Government controls, regulations, and planned economy. The peanut program is the antithesis of all these elements.

I am pleased to join with Senator LUGAR and be among the 26 Senators joining in support of this worthwhile amendment.

Madam President, I ask unanimous consent that an article I authored for distribution to newspapers in Illinois, "Cracking the Peanut Cartel" be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CRACKING THE PEANUT CARTEL (By Senator CHARLES H. PERCY)

In the spring of 1915, Southern farmers faced what seemed like certain disaster. The boll weevil, invading from south of the border, was devastating the region's principle cash crop, king cotton.

To avert economic ruin, a black agriculturist named George Washington Carver urged a simple solution—plant peanuts.

Soon farmers were harvesting tons of peanuts, and Carver, intent upon assuring a market for the new crop, quickly developed more than 300 products from the humble peanut.

Thus, out of one man's genius, combined with the faith and enterprise of countless others, a booming industry was born.

Today, however, Carver's advice to "plant peanuts," once a clarion call of free enterprise, has become an invitation to federal prosecution.

Peanut farming in the United States is now the privileged monopoly of just 59,100 individuals and corporations. These individuals and corporations have the exclusive right—by federal law—to grow peanuts for sale in the U.S. And 70 percent of those holding the special government allotments do not farm themselves, but rent out the right to others.

Independent farmers who attempt to grow and sell peanuts without government permission are subject to stiff fines or imprisonment.

But even the possession of a government license is not an unmixed blessing in the

peanut business. Those who rent out their allotments must pay between \$115 and \$200 per acre, depending on the state, before the crop is planted. This initial licensing fee amounts to some 20 percent of the total production cost.

And who bears that extra cost? Ultimately, the consumer. In fact consumers pay for Uncle Sam's peanut trust in two ways. They absorb the licensing cost, and are then forced to pay higher prices for the artificially small supply of peanuts.

The peanut "allotment lords" have driven up the cost of a number of consumer goods, especially peanut butter and candy—the confection industry being the largest user of peanuts.

Senator Richard Lugar (R-IN) has introduced an amendment to S. 884, the farm bill, which will take us off the peanut monopoly merry-go-round. The amendment, now with twenty-seven Senate co-sponsors including myself, would repeal the antiquated allotment system and substitute a simple loan support program, comparable to those now in force for other food crops.

It would end the forty-year government-controlled peanut cartel. And it would open America and the developing world—a world where protein-rich peanuts are desperately needed—to a reemerging and expanded peanut industry.

In 1921, in its trade magazine, *The Peanut World*, the fledgling peanut industry said of George Washington Carver: "His contribution to the common fund of human knowledge in the field which he has devoted his life is simply immeasurable. He has been virtually a miracle worker, and we believe *The Peanut World* would be remiss in its duty did it not pay him this tribute, small in comparison to what he has done for us all."

Sixty years later, it's time for an even more fitting tribute to Carver and the spirit of enterprise he represents. It's time to make the peanut world the boundless land of the industrious many rather than the private domain of the privileged few.

Mr. PERCY. I thank the distinguished majority leader.

Mr. BAKER. Madam President, I thank the Senator from Illinois.

Madam President, I ask unanimous consent that the pending measure be temporarily laid aside until 10 a.m. on tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. BAKER. Madam President, I ask unanimous consent that there be a brief period for the transaction of routine morning business to extend not longer than 20 minutes in which Senators may speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The following routine morning business was transacted during the day and is printed at this point in the RECORD.)

SALE OF AWACS TO SAUDI ARABIA

Mr. THURMOND. Madam President, a significant statement of support for the sale of the defense enhancement package to Saudi Arabia was released yesterday by the Reserve Officers Association of the United States.

The 12,000-member association announced its support for the sale in a press

release issued from the national headquarters here in Washington.

Madam President, I ask unanimous consent that this press release be printed in the RECORD.

There being no objection, the news release was ordered to be printed in the RECORD, as follows:

ROA BACKS ADMINISTRATION ON AWACS SALE

WASHINGTON, D.C., Sept. 14.—Major General Ewan L. Hultman, President of the Reserve Officers Association of the United States (ROA), announced today that the 128,000 member organization backs President Reagan's plan to sell the Defense Enhancement Package to Saudi Arabia. The most important item in this strategic package is the E-3A Airborne Warning and Control System (AWACS).

He said the decision to go on record in support of the Administration on this issue was made by the ROA Executive Committee after full discussion and deliberation. He explained that officials of ROA, which was chartered by Congress to advise on matters of national security, consider the sale in the national interest of the United States.

ROA is a long-time advocate of a strong national defense and has worked with present and previous administrations and Congress toward that objective.

BUSINESS WITH CHINA

Mr. HAYAKAWA. Madam President, with the normalization of relations with the People's Republic of China (PRC), there has been a great deal of discussion about the "bright" prospects for trade between our two countries. As we all know the lure of a potential market of a billion customers has always loomed large for American businessmen. On the other hand, we have recently heard reports about the abrupt cancellation by the Chinese of large contracts with foreign contractors, particularly the Japanese. Apparently, the PRC became financially overextended in pursuit of its ambitious modernization program, or perhaps foreign businesses erred in making major commitments too soon—or both.

I have just had occasion to read a most enlightening article on this subject by the noted China scholar, A. Doak Barnett. It is entitled "Business With China," and appeared in the July issue of the Asia Mail. Barnett points out that there is indeed tremendous potential in the China market, but that to be successful, American businessmen will have to "show more than ordinary flexibility and adaptability." He outlines the various modifications which he feels are necessary in American concepts of management, marketing, financing, training, timing and legal practices. He also makes a strong plea for U.S. corporations to:

Develop American personnel with real knowledge and expertise, not only about effective ways of negotiating with the Chinese and the technical problems of carrying out specific projects, but also about China's broad modernization plans and the social and cultural factors that will affect their success.

Mr. Barnett contends that interactions between American businesses and the individuals and institutions with which they deal in China will have a major impact on overall United States-

China relations. I agree with this assessment, and am keenly aware of the importance of trade with China to California and the Nation as a whole. Madam President, I ask unanimous consent that this most insightful article be placed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

**BUSINESS WITH CHINA
(By A. Doak Barnett)**

Despite the long history of U.S.-China contacts before the Communist takeover, as latecomers in post-1949 China American businessmen have less experience in dealing with the Chinese than others. Japanese and European businessmen started trading with the People's Republic in the 1950s, but there were no similar American contacts before 1972, and they have become extensive only since 1977. The Americans, therefore, are "playing catch up," a fact which creates special problems and dilemmas. To try to compete with Japanese and Europeans, some feel, understandably, that they must think big and act fast. However, excessive haste and overly ambitious undertakings could lead to serious problems and increase the risk of failure. American businessmen, as well as others, need to take a long view. To build lasting relationships with the Chinese, patience is required to create a basis for mutual confidence gradually. While this is true of most international economic relationships, it is particularly so in dealing with the Chinese.

In major development projects, foreign businessmen will have to show more than ordinary flexibility and adaptability. They will need to consider how advanced technology and foreign management methods can be modified to work in a "socialist" Chinese setting. The natural tendency of many businessmen is simply to transplant what they know, intact, into a new setting. In the first burst of activity in China's modernization program, some Chinese technocrats appeared similarly simplistic and unrealistic, hoping that advanced technology and foreign methods of operation could rapidly be grafted onto the Chinese economy. What will be required, however, are complicated mixtures of modern and traditional methods, of high and low technology, of labor-intensive and capital-intensive approaches, and of "socialist" and "capitalist" modes of operation. Foreign businessmen, like China's own planners, administrators, and technical experts, will have to experiment to find viable mixtures.

American businessmen involved in cooperative arrangements, joint ventures, and direct investment in China will need to be particularly knowledgeable about and sensitive to Chinese economic, social, and political realities in order to succeed, especially if they participate in the management of enterprises. They will have to understand the nature of Chinese bureaucratic institutions; the relationships between Party authorities, government officials, and enterprise personnel; and the interactions of management and labor. Despite the strong commitment of China's present leaders to improve management methods and raise labor productivity, efforts to change old practices will encounter serious obstacles—from bureaucrats resistant to any changes, from Party cadres who fear a loss of influence, and from elements in the workforce whose interests will be adversely affected. Foreign businessmen will be compelled along with Chinese favoring change, to cope with such obstacles. They will also have to learn the special importance of personal relationships in China.

The new investment law and other economic regulations now emerging from the top levels of the Peking regime are essen-

tial to help create the minimal legal framework for economic cooperation between foreigners and Chinese as well as for more regularized operational procedures throughout the Chinese economy, but they will not suddenly transform old patterns of behavior based on tacit codes and values and on personal relationships rather than on legal norms. Foreign businessmen will have to acquire knowledge of these patterns and of existing webs of personal relationships to function successfully.

Another area in which Americans as well as other foreign businessmen will be called upon to show unusual flexibility is in devising ways to finance projects. While the Chinese intend to import sizable amounts of foreign technology, it has become increasingly clear since the "readjustment" of 1979 that they intend, to the extent possible, to solve their payments problems by arranging compensation, barter, and comparable arrangements under which the foreign costs of projects can be repaid in the goods they produce. To compete effectively in the Chinese markets, American businesses will have to be prepared to consider varied types of repayment schemes.

They will also have to give adequate attention to developing effective training programs. China's present leaders are not interested in relationships that create a permanent dependency on foreign personnel or nations. While determined to upgrade their economy with foreign knowhow, their aim is to acquire an independent capacity to deal with their problems. Business organizations planning significant involvement in China must therefore think in terms of finite rather than open-ended periods of involvement and build into their proposals programs designed to train Chinese personnel on the job, in the United States or in Chinese institutions. They also will need to consider means to help the Chinese improve their research capabilities. Relationships between foreign businesses and the Chinese need not be brief, but foreign businesses must be prepared to adapt their roles as the Chinese absorb new skills and improve their capabilities.

Foreign businessmen will need to recognize the desirability of careful phasing in the way they get involved as well as the way they eventually reduce their involvement. Starting with large-scale, long-term, irrevocable commitments is unwise in most cases, from the point of view of the foreign businessmen as well as the Chinese. After reaching general understandings on long-term objectives, generally the most prudent approach will be to plan projects in stages, set limited and attainable goals for each stage, and agree that at the completion of each stage both sides will evaluate the results, problems, and prospects before setting further goals.

Matters of style also will affect the extent to which American businessmen operate effectively in China. To succeed, Americans will have to be activists in some respects, pressing for actions essential for the success of projects undertaken; but at the same time they will have to avoid arrogance and be sensitive to Chinese cultural predispositions and personal relationships. In general, they will probably have greater chances of long-term success if they maintain a relatively "low posture."

The prospects for lasting American business relations the Chinese will also depend in part on whether or not U.S. corporations develop American personnel with real knowledge and expertise not only about effective ways of negotiating with the Chinese and the technical problems of implementing specific projects, but also about China's broad modernization plans and the social and cultural factors that will affect their success. Long ago most large Japanese cor-

porations seriously interested in major operations in China recognized the need to have on their payrolls persons with broad expertise on China, including knowledge of the Chinese language. Few American corporations have yet done this. Some, wisely, have drawn upon the knowledge of qualified Americans of Chinese origin; these Chinese-Americans can play a special role in further U.S. business relations with China. However, American businesses seriously interested in long-term involvement in China will need to develop a broader basis for interpreting, analyzing, and dealing with China. They will need to ensure that some persons in the mainstream of their company operations acquire in-depth knowledge of China. They will also have to learn how to draw more effectively on the knowledge about China that exists in U.S. government agencies and academic institutions (which, on their part, will have to make a greater effort than in the past to communicate their knowledge effectively to businessmen and also learn from them).

Whether or not U.S. businessmen learn to deal successfully with the Chinese will affect more than the balance sheets of the corporations involved; the prospects for forging lasting economic links between the United States and China will be greatly influenced by the interactions between American businesses and the individuals and institutions with which they deal in China, and success or failure in broadening economic ties will have a major impact on overall U.S.-China relations.

Peking's new foreign economic policies, which have opened the door to greater trade and broader Chinese participation in the international economy, have significant political as well as economic international implications that U.S. policy should fully consider. U.S.-China economic ties are still in an early stage of development, but under favorable circumstances they could become increasingly important in the period ahead. The United States should now pursue policies that maximize the prospects for growing and lasting economic links with China, the benefits of which could be substantial.

The most apparent, though not necessarily the most important, benefits will be those resulting from any increase in U.S. sales abroad, which not only assist American agriculture and industry, but also help the U.S. balance of payments. The potential of trade with China should not, of course, be exaggerated. However, with serious effort on both sides, the present volume of close to \$4.5 billion a year would be doubled, tripled, and conceivably quadrupled in the years ahead. Even though this would still amount to no more than 1 to 2 percent of total U.S. foreign trade, it would not be unimportant. Apart from trade with Western Europe, Canada, and Japan, most American trade is widely distributed, and few countries account for very large percentages. For example, even though U.S. exports to China, amounting to somewhat over \$1 billion in 1979, appear very small compared with sales to the advanced industrial nations (in 1978 U.S. exports to the EEC, Canada, and Japan were \$32.1 billion, \$28.4 billion, and \$12.9 billion, respectively), they look more significant, even today, if compared with exports to other developing nations. In 1978 U.S. sales to all non-Communist developing nations in the Far East totaled \$11.0 billion and those to all the rest of Asia and Africa except for the Middle East amounted to only \$4.8 billion.

In several commodities, moreover, China trade is likely to be considerably more important than the overall figures suggest. This is true, for example, of trade in grain, of which the United States is the world's largest exporter; in oil, of which it is the world's largest importer; and in high technology items,

which are of special importance in U.S. trade. Already China is the largest buyer of grain among the developing countries, and it clearly is in the American interest to provide a large share of its needs. If by the late 1980s China can become a middle-rank oil exporter, which American assistance in offshore oil development could help to make possible, this too could be important from the U.S. point of view. And if China continues to be one of the largest markets for high technology in the developing world, the United States will clearly benefit from increased sales of such technology to the Chinese.

The potential political benefits of increased U.S.-China trade and economic cooperation could be as great as or greater than the economic ones. Expanding economic relations should help strengthen political ties with China in the period ahead. Even though closer economic links cannot guarantee friendly political relations, on balance they will enhance the prospects for good overall relations. To the extent that U.S. cooperation, both private and governmental, helps Peking achieve its developmental goals, this should contribute to political stability in China, increase the chance that Peking will continue to pursue pragmatic, growth-oriented policies at home, and reinforce the trend toward more moderate, cooperative Chinese foreign policies.

In addition, it could encourage Peking to cooperate more than in the past with the United States and others in dealing with global economic problems. From the U.S. perspective, this would be of special importance in relation to food and energy problems, but it might also help to induce Peking to adopt more cooperative approaches to other international problems. This would certainly be in the U.S. national interest. In the long run, increased Chinese involvement in responsible roles in the increasingly interdependent global community could prove to be the most important result of current trends in Chinese policies, and Washington should view its economic cooperation with China as a means to work toward this end.

For all of these reasons it is highly desirable that the United States pursue a very active policy aimed at increasing trade and expanding other forms of economic cooperation with China. In light of the difficulties the Chinese face and the competition Americans will encounter in the Chinese market, this will not happen automatically. To realize the potential for strong economic ties between the two countries that now exists, the U.S. Government and American businessmen, scientists, technicians, scholars, and others will have to give adequate attention to certain prerequisites for success.

First, it will be essential to complete the process of establishing a sound legal and institutional basis for long-term economic relations. Notable progress has been made in this respect, but more needs to be done. Second, both U.S. Government agencies and private American banks should give more attention to financing than they have so far to make the United States more competitive. Without adequate U.S. credit the Chinese may feel compelled to rely primarily on others.

Third, the United States will need to increase imports from China. In the near future this will mean permitting more labor-intensive, low-cost, Chinese manufactured goods to enter the United States. This will not be easy, but it is necessary if there is to be a significant growth in two-way trade. As an alternative to protectionism, Washington should be prepared to give more effective aid through means other than tariffs and quotas to domestic industries adversely affected by low-cost, labor-intensive imports. In time, U.S. imports of natural resources from China should grow, and every effort should be made to encourage this.

Fourth, the United States should make a major effort to sell technology, plants, equipment, and know-how to the Chinese. To help promote such exports, U.S. policy on the sale of high technology to China must be flexible in permitting the sale of dual-use items desired primarily for civilian development, even though for strategic reasons it should restrict items primarily of military value. Defining broad technology transfer policy and making specific decisions on licensing particular items will pose difficult problems. The aim, however, must be to encourage increased exports of technology to China while restricting sales that imply closer U.S.-China military ties than actually exist—or than either Washington or Peking currently desires—and avoiding unnecessary provocation of Moscow.

Finally, the American business community, with U.S. government support, must take seriously the potential of the China market and develop the knowledge and expertise necessary to deal effectively with the Chinese and compete successfully in the China market. Failing this, Americans will probably lose out in the long run to the Japanese and West Europeans. This might not be disastrous in terms of American national interests, but if it occurs the United States would forgo important benefits. It certainly would not contribute in any positive way to broad U.S. political and economic objectives.

Even assuming that the above prerequisites for success are fulfilled, developing broader U.S.-China economic ties will involve unavoidable risks. Success will depend on many political and economic variables. Any of a number of events or trends could have adverse effects on the process, and, at worst, some could derail it.

One variable will be the success of the Chinese in maintaining reasonable political stability at home, implementing their modernization policies, and creating conditions that attract greater foreign involvement. Peking as well as Washington will have to take further steps to improve the legal and institutional framework for cooperative relations, including passage of new laws and regulations relating to foreign investment, taxes, labor practices, and other matters of concern to foreign business.

The process of developing U.S.-China economic ties also will inevitably be affected by the general political climate in the region. Outbreaks of conflict in the Taiwan Strait or other disputed offshore areas, in Korea or Vietnam, or in Sino-Soviet border areas could shake the confidence of foreign governments and businessmen, reducing their willingness to support China's economic development and commit resources to cooperative ventures.

While dangers of this sort are real, they are probably no greater—and may well be less—than dangers in other critical areas such as the Middle East, where governments and businessmen of the major industrial powers already are deeply involved, economically as well as politically and strategically. The potential benefits of economic ties with China make the risks tolerable so long as these ties can be developed in the context of friendly bilateral relations and a regional climate that discourages major conflict.

The strengthening of U.S.-China economic ties should help to cement political ties and also contribute gradually to the development of "a secure and strong China," which, as U.S. leaders recently have stressed, would support broad U.S. aims both in East Asia and globally. If such ties help to draw China gradually into more extensive and constructive involvement in the international community, they will serve a historic purpose, bringing to a new stage the long search, begun in the nineteenth century, for a basis for

long-term, friendly, and mutually beneficial relations between China and the West.

**ADDRESS BY HUD SECRETARY
PIERCE TO SOUTH CAROLINA
MUNICIPAL ASSOCIATION**

Mr. THURMOND. Madam President, on August 29, 1981, I had the pleasure and privilege of introducing the Secretary of Housing and Urban Development, Mr. Samuel R. Pierce, Jr., to the 41st annual meeting of the Municipal Association of South Carolina at Hilton Head, S.C.

The remarks made by Secretary Pierce on that occasion concerned President Reagan's policy of new federalism, which he described as enhancing authority at the State and local levels. Under the programs of this administration, this enhanced authority at the State and local levels will be characterized by a constructive partnership approach to the delivery of services and problem solving among the Federal, State, and local governments.

Madam President, this address by Secretary Pierce was an excellent one and was well received. The tone and substance of his remarks indicate the enthusiasm within the Department of Housing and Urban Development for the goal of sharing new initiatives and innovations with governments at the State and local level. I ask unanimous consent that the speech by Secretary Pierce be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS BY SAMUEL R. PIERCE, JR.

Thank you for that kind introduction, Senator Thurmond. And thank you, too, for adding your invitation to the one I received from the Municipal Association of South Carolina. The State is indeed fortunate to be represented by you as its distinguished senior Senator. In and out of Washington, I count on you as a valued friend.

It is a great personal pleasure to be here in Hilton Head the Palmetto State's beautiful, world-renowned resort area. The many kindnesses you have shown me here, I assure you, will draw me back again.

I also want to assure you that I attach considerable significance to this meeting. The work of your Association, through its efforts to strengthen State and local relations, is of fundamental importance to President Reagan's New Federalism. The advising, information-sharing, planning, State legislative, and other lobbying functions, which characterize your Association, figure prominently in making government more responsive to the needs and rights of citizens. In so doing, it makes the system more efficient and less costly.

I want to share with you my perspective of the policy and purpose of the Reagan Administration in correcting our country's weak economy. We have been brought into this sad state of economic disrepair by undisciplined Federal spending, misguided fiscal practices, and stifling tax policies. What we in this Administration are pursuing is no less than a fundamental change in the way the government of America carries out its responsibilities.

We are committed to a budget which reduces our activities to absolute priorities and requirements, a budget that will, at the same time, assist where possible those least able to meet their basic necessities of life. We are committed to a system of government that will be founded on economic stability, and

that will recognize economic stability as a key ingredient to national security. We are committed to a system in which the appropriate level of government is called upon to do not just what it can do, but what it properly should do.

We do not believe that government should try to be all things to all people. This country has been led down that path before, and the result was not a happy one. To continue the reckless spending practices of the past would be irresponsible. The government spent more money in 1979 and 1980 than ever before, and look what it got us. Just last week, the Census reported that American families saw their "real" income fall more than 5 percent in 1980. That sharp drop in "real" median family income was the biggest decline in that category since the government started compiling such statistics in 1947.

With all that spending, the number of Americans below the federal "poverty level" grew from 11.7 percent in 1979 to 13 percent of the population last year. There can be no doubt that we must improve the health of our economy, and that we must change its downward direction. President Reagan has begun to effect that change. In just a little more than half a year, his Administration has taken the steps necessary to face head-on the host of economic problems that have been eroding the productivity and the confidence of our country.

There are the beginnings of some encouraging signs. With bipartisan support, the Congress has passed the President's entire Economic Recovery Program. I believe we have reached a critical stage, perhaps a turning point, in our country's history. We are today embarked on a carefully constructed course to return America to fiscal integrity.

The four points of President Reagan's plan which sets that course are, first, to reduce the rate of growth of Federal spending. This is not a cut in current spending levels, but a cut in the proposed increases. The spending increases of recent years made this budgetary restraint absolutely imperative.

The second point is a tax cut across-the-board for everyone who pays taxes. Just last month the Congress and President Reagan gave the American people an important victory, with a 25 percent tax cut over 33 months.

The third point is the prudent elimination of excessive regulation. Regulations add an estimated \$100 billion to the price of things we buy. Unnecessary regulations must be eliminated. Others must be streamlined.

The fourth point is development of a sound monetary policy which is consistent with the economic recovery program and which is geared to stabilize the money supply and revitalize the economy.

I and all of my colleagues in the Cabinet have great confidence in this program. We expect to see it effectively implemented and applied to combat our Nation's economic ills. If we continue to receive bipartisan support and the willing help of the American people, we'll carry out the President's program. As this happens, I'm convinced that we'll begin to see a substantial drop in both inflation and interest rates. I'm not talking about an immediate turn-around. It's taken us since the New Deal to get into this sorry economic condition, so we'll need at least some time to get out. In the meantime, while we're following budgetary and fiscal practices that will help us to escape from prohibitive inflation and interest rates, we're working intensely to do more with less money.

At HUD this means working to get more housing and development assistance at the least cost to the taxpayer. My first months at the Department were devoted almost exclusively to a total budgetary and management efficiency review of how my agency administers the public's money. I'm not will-

ing to recommend continuing or discontinuing programs until I have a pretty fair grasp of what they deliver, who benefits from them, how effective they are, and at what cost. So, initially, I devoted myself to an exhaustive analysis of the Department's functioning. As we all know, the sacrament of baptism varies by religion. Let me assure you, my baptism at HUD was total immersion.

As a result of this intensive review, I made some decisions and recommended to the Congress the direction in which I propose to lead HUD. We will be moving toward more efficient, less costly, and less cumbersome delivery of housing and development assistance to the persons and places most seriously in need of such assistance. We will be moving in this direction with a more rational distribution of responsibility and decision-making. To me, this means increased control at the levels of government closer to the people. That is what the President's "New Federalism" is all about . . . enhanced local and State authority, reinforced with a constructive partnership approach to the delivery of services and problem-solving among the Federal, State and local governments.

I know we need to build better communication between State and local officials and my Department. I've met with and I've been listening to officials such as you all over the country. I'm going to continue listening and gathering all the information and insights from you I can. To further that effort, I reorganized the Department to include a Deputy Under Secretary for Intergovernmental Relations. Dr. June Koch heads that office, and I urge you to work with Dr. Koch and her staff to make certain that we at HUD are addressing your needs and concerns.

In my review of the Department's operation, meetings with local officials were most useful in helping me to determine the relative merits of some programs. For example, I heard virtually unanimous support for Urban Development Action Grants. It was generally well known that private sector funds were leveraged at an average 6-to-1 ratio compared to UDAG funds expended. I wasn't surprised by the level of support for the program, but I was favorably impressed by the substantive data: jobs saved, jobs created and construction jobs involved, for instance. This prompted me to take a more careful look at the UDAG program.

Consultation with local leaders, developers and others convinced me that the program was worth continuing, at least for the short term. With the knowledge gained from that consultation and with solid support from the advocates of UDAG, I was successful in urging its retention. I was pleased to help save UDAG for 1982, and I decided to make a study of the program to have a real base of knowledge in determining how effective these grants have been. That report should be ready shortly and will help plan the future of action grants for 1983 and beyond.

I know you're familiar with this program. Many of you have made extensive use of it to strengthen the economy of your communities. The city of York used a \$525,000 UDAG award to leverage well over \$12 million in private investment. It also brought in excess of 50 new permanent jobs when the grant award helped Edgewater Steel to locate a plant in York, which should reach 85 jobs when the plant becomes fully operational.

With a \$980,000 award, Lake City attracted nearly \$4 million in private investment by Yarn Industries. That has meant over 80 new permanent jobs to Lake City, which will grow to an estimated 150 jobs created when this industry is fully operational.

And, in Greenville, a \$5.5 million UDAG award will leverage an estimated \$24 million in private funds. The Greenville Commons project will see construction of a parking garage, office building and hotel/convention

center which, under current estimates, will translate into 450 new permanent jobs.

In Charleston a recent \$1.3 million grant will help the city to build a parking facility which will enable rehabilitation of the historic Lodge Ally site. This rehab will include condominiums, a small hotel, and rental space for a restaurant and shops. This UDAG award will leverage over \$6.7 million in private investment.

Action Grants demonstrate the important role which the private sector must play for the New Federalism to be most effective. To gain greater business and industrial involvement in urban revitalization, we're also exploring Enterprise Zones. HUD has the lead role in an interdepartmental task force that is reviewing the concept, which is of great interest to the Reagan Administration. I expect we'll arrive at some key decisions on Enterprise Zones in the very near future. I believe there should be some incentives from the State and local level, to complement Federal tax and regulatory relief, if we are to encourage business to start new operations in distressed areas. Some States already have moved ahead to offer tax relief incentives for investment in Enterprise Zones.

In addition to exploring opportunities offered by the Enterprise Zone concept, we have another initiative underway that I want to mention. At my request, President Reagan created a Commission to help solve our country's housing problems. The President's Housing Commission is reviewing all existing Federal housing policies and programs and will suggest various options to the President and me. These options will give us guidance on how to deliver decent federally-subsidized housing at less cost. They also will strengthen the ability of the private sector to increase home ownership opportunities and to provide adequate shelter for all Americans.

As I lead HUD in a new direction, some of my priorities address more responsible conduct of our management functions. For instance, in the past, debt collection by HUD has been less than vigorous. Those days are over. If a borrower becomes delinquent on a loan, we'll sue for non-payment, if necessary. When people incur a debt to HUD, I expect them to repay it. The money we've been entrusted with comes from you and your neighbors. As taxpayers, you have a right to expect a responsible accounting for that money, and I intend to see that you get it.

We're also cutting back on regulatory burdens. Our objectives are to lessen Federal control of private housing and development activities, as well as the related activities of State and local governments. We're placing strict standards on the development of new regulations, and a "sunset" review of all existing ones.

The actions we've taken on Community Development Block Grants demonstrate our commitment to deregulation. We've eliminated the burdensome targeting requirement. We've eliminated the unnecessary and duplicative displacement strategies, and we've withdrawn the detailed and altogether unnecessary program application requirements. In place of these requirements, communities need submit only a simple statement outlining their community development objectives and the projected use of the funds. We're finding that we can streamline our operation and simplify the way you do business with HUD. I urge a similar course on State and local governments. Let me tell you why.

HUD was involved in a recent demonstration program which showed that significant housing cost reductions could be achieved by streamlining and up-dating local regulations. Carried out with no Federal funds, the demonstration tested whether single family housing costs could be reduced by using local government regulations as the only variable.

The demonstration was concerned only with the effect of zoning ordinances, subdivision regulations and building codes of housing. Local governments permitted minor deviations from their existing regulations without enacting new ordinances. They permitted innovations proposed by the builders, and they expedited processing and review so that construction could start as rapidly as possible. The housing cost reductions realized in this test ranged from \$13,000 to \$32,500. That's tremendously encouraging. Think of all the families who could find affordable housing with that kind of reduction in housing costs. It just reinforces my conviction that we can reduce the cost of doing business and delivering services at the local level as well as at the Federal level.

The positive results of this demonstration to reduce housing costs brings home an elemental point. The answers to our Nation's problems—whether those problems are economic, housing, urban, rural, whatever—the answers to them are as readily found at the local and State levels, and through the private sector, as they are by the Federal Government. That's one of the driving forces behind President Reagan's New Federalism. We're calling for a sharing of initiative and innovation, as well as a sharing of administration and governance.

We need your support. With your encouragement and insights, we can get our country back on the right economic track.

I'm excited by the opportunity to help make our government and country work better and to regain its leadership role. I am confident that this Administration is embarked on the proper course to achieve those goals.

Thank you.

THE LEFTWARD DRIFT OF GREECE

Mr. THURMOND. Madam President, I rise today because of great concern about recent political developments on the southern flank of NATO.

Greece is drifting dangerously toward the left, Madam President, and exhibits increasingly ominous tendencies toward political instability. If current trends continue, we cannot exclude the possibility that next month Greek elections may very well produce a Socialist or even Marxist dominated government.

The leading challenger to the government of incumbent Prime Minister George Rallis is the Panhellenic Socialist Movement (PASOK), led by Andreas Papandreou, the Communist Party, and an assorted group of centrists and liberals. Mr. Papandreou has publicly stated that if he wins, he will ask for the removal of American bases from Greece and the most rapid and direct exit of Greece from NATO, actions that would certainly compound the difficulties of NATO in that part of the world.

America would not presume to dictate to the Greeks which government they should elect. In my opinion, however, the drift of our crucial NATO ally into the Socialist camp, largely ignored by the Carter administration, is neither in our interest nor theirs. I hope the Greek people will see more clearly where their best interests lie. They lie in the West, with a strong NATO alliance, and in close ties with the United States.

Madam President, I ask unanimous consent that two items elaborating these concerns be printed in the RECORD following my remarks. The first is an article

entitled "Greek Storm Brewing" by Roy C. Macridis, which appeared in the New York Times of August 19, 1981. The second is an article entitled "Will Greece Go Leftward Next?" by David S. Broder, from the Washington Post of July 26, 1981. I urge my colleagues in both Houses to give these items their most thoughtful consideration.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, Aug. 19, 1981]

GREEK STORM BREWING

CAMBRIDGE, MASS.—Ever since the fall of the military junta in Greece in August 1974 the country has had an unparalleled, almost uncharacteristic, political calm. Elections in 1974 and 1977 brought the same center-right majority to office. The strongman of Greek politics, Constantine Caramanlis, moved to the presidency after serving as Prime Minister for six years and was replaced by one of his lieutenants, George Rallis. This Jan. 1, Greece formally became a member of the European Economic Community and, despite the lack of an agreement on American bases, joined the integrated NATO command.

Of all the Mediterranean countries that moved from the straitjacket of military dictatorship and authoritarianism into the uncertain hallways of political democracy, Greece's record is the best. No military coups, no acts of violence, no terrorism and, despite inflation, no unemployment and until recently a rising standard of living.

But elections are to be held no later than Nov. 15, and the calm is bound to be shattered if there is a victory for the opposition parties—the Panhellenic Socialist Movement, led by Andreas Papandreou, the Communist Party and an assorted group of centrists and liberals. It is even possible that the Panhellenic Socialist Movement will win a majority and that Mr. Papandreou will be Prime Minister.

In 1967 he argued for Greece's withdrawal from the North Atlantic Treaty Organization—something that may have accounted for the military takeover then. Much has happened since then to harden his positions and raise the virulence, if not the level, of his language. As a Marxist, he continues to view the world as a struggle between the forces of socialism, which he represents in Greece, and American imperialism. He sees NATO as "the lance" of American imperialism and does not want Greece sacrificed to its imperatives. Mr. Papandreou has, in addition to the United States and the Atlantic alliance, two other enemies—the Common Market and, of course, Turkey.

Marxism for him is linked, as it has been in many developing countries, to a strong nationalistic fervor, to the invocation of simple and Christian virtues, strong anti-Western slogans, a broad populist appeal and a rejection of the Establishment. It has strong egalitarian and radical overtones: to overhaul the economy, establish community control and popular participation, change education, the civil service and the local administration.

If Mr. Papandreou wins, he will ask for the removal of the American bases and insist on the most rapid and direct exit from NATO while stressing the Turkish danger against which he says NATO is useless. He has promised to hold a referendum on Greece's membership in the Common Market, urging, here too, a quick exit.

Mr. Papandreou's chances of winning and doing exactly what he says must be taken seriously because he has several things working for him. The Turks continue to occupy 40-percent of Cyprus and there are no signs that they intend to relinquish any of

it, which keeps fanning the flames of nationalism.

Since 1974, mortified by its inability to do anything about Cyprus and feeling betrayed by the United States for allowing the invasion, the Greek Army has become wary of NATO and far more receptive to Mr. Papandreu's nationalist appeal. The anti-Turkish sentiment is easily translated into anti-Americanism and even anti-Europeanism, especially in view of West Germany's efforts to salvage the Turkish economy.

Many domestic issues are also working for Mr. Papandreu. Entry into the Common Market, touted as a panacea by the Government, has not yielded the benefits many expected. After steady economic gains, the Greeks are beginning to feel the pinch, as everybody else is. Unfulfilled expectations cause resentment and swell the protest that Mr. Papandreu knows how to exploit. A huge bureaucracy produces endless paper work and widespread irritation and hostility.

Few newspapers have reported on this cloudy political horizon that may bring instability, internal conflict and, more important, serious international frictions that will compound NATO's difficulties in that part of the world.

American efforts to settle Greek-Turkish disputes have been conspicuously complacent and inept, and Greeks have been allowed to view the much-needed American support for Turkey as a threat to their country. No convincing answer has been given to Mr. Papandreu's strident assertions that NATO offers no protection to Greece against Turkish ambitions, real or imaginary, in the Aegean.

[From the Washington Post, July 26, 1981]

WILL GREECE GO LEFTWARD NEXT?

ATHENS.—Andreas Papandreu, the stormy petrel of Greek politics, is back at the center of the action again, stirring memories and emotions that many here and in Washington would like to have left undisturbed. The onetime Berkeley economics professor, who has acquired a remarkable number of friends and enemies at the top levels of American politics, is the leading challenger to Prime Minister George Rallis in the election to be held here this fall. A frequent critic of the North Atlantic Treaty Organization and American foreign policy, Papandreu is a dramatic figure whose election could mean a sharp change of direction in this land that grips both the imagination and the strategic interest of the United States.

For all these reasons, talking with and about "Andreas," as he is universally called in Athens' tight-knit political community, was the main diversion from archeology and beaches during a recent visit to this country.

Greece is the troubled partner in the NATO alliance, the only one more preoccupied with the perceived threat from an "ally," Turkey, than with the danger from Russia and its satellites.

Over the past two decades, its relations with the United States have ranged from tenuous to traumatic. Papandreu, now 62, has been a symbol of that tension. His candidacy revives memories of the 1967 colonels' coup that aborted the election that might have returned his father, George, to power. It revives the unproven allegations that the Central Intelligence Agency had a hand in that coup. By indirection, it heightens the whole question of American influence in Greece.

That question would be here, even if Papandreu were not. In the shorthand of politics, Rallis, 63, will probably be dubbed the "pro-American" candidate in the autumn election, but a visit with him in his sunny office in the Parliament building suggests that designation may not be one he covets—or deserves.

The son of a former prime minister himself, Rallis won a hard-fought one-vote victory for the leadership of the New Democracy Party when longtime Prime Minister Constantine Karamanlis moved up to the position of president in May 1980. An organizer and workhorse, Rallis has labored in Karamanlis' shadow, but he has traveled throughout the country trying to build his personal following to withstand Papandreu's challenge. He has worked hard at the job, but with inflation soaring to a 30 percent rate early this year and controversy still surrounding the government's decision to bring Greece into the Common Market, he has not had an easy time.

With polls in the Athens area showing Papandreu's party ahead, Rallis last month broke off the lengthy negotiations for renewal of the agreement with the U.S. for the Sixth Fleet base in Crete's Souda Bay and other U.S. installations on the mainland. Papandreu said the talks broke down because "even this right-wing government was unable to accept the unbearable conditions set by the U.S. side." But Rallis insisted that time had simply run out on concluding the discussions in time to submit a new agreement to parliament before the elections.

The prime minister is sometimes vexed by his dealings with the Americans. After offering a springtime visitor a glass of cold, tart juice from the orange tree outside his window, he says, in the least rancorous tone possible, "You have followed so stupid a policy toward Greece since 1937 that there is an anti-American sentiment here. It has lessened in the last four or five years, but you created the impression you were backing the dictatorship [from 1967 to 1974] even though you were not. And that is not forgotten."

It is certainly not forgotten by Papandreu, who forged his political identity as a victim and foe of the colonels—and who carries in his political memory the suspicions of American policy in that period, when the United States gave military aid to the junta and conferred prestige on the unsavory regime of George Papadopoulos by the visits of Vice President Agnew and other high Nixon administration officials.

When I lunched with Papandreu and his Illinois-born, University of Minnesota-educated wife, Margaret, at a country restaurant north of Athens, it was that history of which he spoke.

He came to the United States in 1939, after being arrested for "leftist" activities by the right-wing government, studied at Harvard, Minnesota and Stanford and then taught economics at Minnesota and the University of California at Berkeley. During that time, Papandreu became active in Democratic Party affairs and developed a close friendship with such men as Hubert H. Humphrey, Walter Heller and John Kenneth Galbraith. It was not until 1959 that Papandreu returned to his homeland, accepting an invitation from Karamanlis to create the first institute of advanced economic studies in this country.

He plunged into politics here, joining his father's efforts to bring the opposition Center Union Party into power. Despite Andreas Papandreu's close ties to leading Kennedy administration figures, his political efforts brought him into conflict with the American embassy here, which was clearly in the Karamanlis corner.

As the late Laurence Stern of The Washington Post recounted in his book, "The Wrong Horse," that conflict deepened when George Papandreu won first a plurality victory and then a majority in Parliament in the elections of 1963 and 1964. "Andreas Papandreu became an overpowering obsession of American foreign policy managers in Athens and Washington," Stern wrote. "The popular conception of Papandreu in the

upper levels of the State Department was as a Svengali manipulating his aging and feeble father during the final years of the old man's otherwise distinguished political career."

King Constantine dismissed the Papandreu government in 1965, but in 1967, when the new elections were scheduled, the betting was that the Papandreu would be returned to power. Stern quoted a memo from "a senior intelligence official" in the U.S. embassy who said, "We were concerned that if Papandreu won, Andreas would be in the driver's seat for all practical purposes. He would withdraw Greece from NATO, evacuate the United States bases . . ."

Stern reported that a recommendation from the embassy that \$100,000 be given to anti-Papandreu candidates in swing districts was turned down in Washington. But on April 21, 1967, the colonels' coup aborted the elections scheduled for the following month. Neither Stern's book nor other sources found evidence of CIA or embassy complicity in that coup; on the contrary, the circumstantial evidence strongly suggests that, despite some warnings from intelligence officials, the timing and source of the coup caught the American officials by surprise.

But the coup also led to Andreas Papandreu's imprisonment. After six months in jail, he was released—thanks in part to pressure from the Johnson administration and such old friends as Heller. He came to the United States, then settled in Canada to organize international opposition to the colonels' regime.

When Papandreu came back to Greece after the collapse of the junta in 1974, he formed PASEK, a new political party of the Left, with a base among the young people, civil servants and white-collar workers. His critics say that for years Papandreu tailored his rhetoric, particularly on foreign policy, to the most activist and leftist of his supporters. But as the election approached and his chances of winning grew, the critics say that Papandreu has trimmed his sails, seeking to gain support from small businessmen and farmers opposed to radical change.

It was evident that Papandreu was choosing his words carefully in his discussion with the Washington Post. But equally it was clear that his views were shaped by the embittering experiences of his past.

"We are the only European country that has had a negative experience with NATO and the U.S.," he said. "The only one. NATO for us is the U.S. embassy, and it played a decisive role in our politics in the '50s." He recounted the history of his own relations with the embassy, culminating with the statement that "the 1967 coup was based on a NATO plan called Prometheus and was carried out by men who were the go-between from the CIA to the Greek government."

"In the present situation," he said, "we see the United States has chosen the spoiled child, Turkey, and has given Greece second place. Today, the basic question for a Greek is the reality of the Turkish threat. The military and the people and I are convinced that we are in for a generation of conflict with the Turks. The Turks are committed to the view that the Aegean is not a Greek sea but must be shared by Greece with Turkey."

"We see the United States and NATO sharing the Turkish view, because Turkey is so strategically important. This puts a heavy burden of defense costs on us, and our party has steadfastly backed all the budget proposals for the enhancement of Greek military might."

Prime Minister Rallis was almost as critical in our interview. "Sometimes," he said in a voice of great patience, "I cannot understand your policy. Six years ago we asked the Ford administration to guarantee a 10-7 balance in the arms aid to Turkey and Greece. There was an oral understanding that for six years was observed. Then, in 1980, the Carter ad-

ministration came up \$20 million short—\$400 million for Turkey and \$260 million, not \$280 million, for Greece.

"Now, \$20 million makes no great difference in the Greek budget, let alone the U.S. budget, but it created an atmosphere of fear. Congress is restoring the extra \$20 million, but now the Turks are complaining. It is an unnecessary discussion; it is useless; it is dangerous. I'm not a fanatic and I don't play on the public emotions. But there is a fear all Greeks have of the Turkish ambitions toward the Aegean islands that are the cradle of Greek civilization. And you are inadvertently heightening that fear."

Papandreou said his tacit alliance with the military also shaped his political strategy. While expressing confidence PASEK would finish first in the coming elections, he flatly excluded a coalition with the Communists if he failed to win a majority in Parliament. "While PASEK is acceptable to the army," he said, "the collaboration of PASEK with the Communists would undoubtedly lead to intervention."

"Besides," he said, "I could not accept collaboration with the Communists because every day, they would be pressing for immediate fulfillment of the plan of PASEK, which cannot be done for 10 or 15 years."

His long-term design calls for socializing key sectors of the Greek economy and achieving redistribution of income. In foreign policy, he said, one also must distinguish between "those of our policies that must be seen as goals and visions, on one hand, and the objectives we would seek in the next four to eight years, on the other hand."

"Our long-term vision is a Europe, East and West, outside the blocs. I have said we must end, at some time, the Yalta and Potsdam agreements, and that means no Warsaw Pact, no NATO. The climate of PASEK is the climate of nonalignment."

"In respect to the bases," he said, "we recognize they cannot be removed now from Greece, in view of the overall global and European confrontation. But we would expect an annual review of the status of the bases—a negotiation every year. We want no nuclear weapons in Greece. What are here are of very limited range, but the Soviets have told us they will attack us directly with nuclear weapons if they remain, and we see no reason to take that risk."

"And while the bases remain," he said, "we would insist on being able to obtain the military equipment we need to defend the Aegean islands from invasion from the East."

"NATO," Papandreou said, "does not guarantee our Aegean frontiers any more than it protected us against the Turkish invasion of Cyprus. My policy toward NATO would turn on very practical questions. I doubt that our NATO obligations leave us with enough strength to meet the Turkish threat. So I would ask the generals what is needed to meet that Turkish threat, and I would meet their requirements before I turned to our NATO-assigned-and-earmarked commitments."

Those statements were more moderate in tone—and, in some ways, in substance—than others Papandreou had made here at home. Indeed, in an interview with the opposition newspaper, *To Vima*, a few days after our lunch, Papandreou was quoted as saying, "PASEK is radically opposed to Greece's participation in Cold War blocs and is therefore radically opposed to the presence of foreign bases on our soil . . . that means, in essence . . . the preparation of a timetable for their removal. . . ."

When I saw Rallis, he had made a point about Papandreou which seemed pertinent. "I don't know if Andreas means what he says, or not, when he talks about abandoning NATO and developing closer relations with the nonaligned bloc. But even if he does not believe himself, he would have to follow it—because many in his party do believe it. And they would hold him to it."

ASEAN 14TH ANNIVERSARY

Mr. HAYAKAWA. Madam President, on August 8, the Association of Southeast Asian Nations (ASEAN) commemorated its 14th anniversary. August 8 has now been designated ASEAN Day. On this occasion, the Minister for Foreign Affairs of Singapore, Mr. S. Dhana-balan, prepared a special message which appeared in the *Mirror*, a Singapore current affairs journal, on August 1.

The message briefly traces the history of ASEAN, its objectives, its impressive economic growth, its internal and external relations, and its current problems—including Vietnamese occupation of Kampuchea.

The Subcommittee on Asian and Pacific Affairs of the Senate Foreign Relations Committee recently concluded hearings on U.S. relations with Southeast Asia, with special attention to ASEAN. Witnesses repeatedly stressed the political and economic accomplishments of ASEAN and the growth potential of the region. From my recent visit to each of the ASEAN nations, I can enthusiastically support this appraisal. There is no question in my mind that these nations are destined to play an increasingly important role in the diplomatic and economic relations of the United States.

As I believe it is important for Congress and the American people to learn more about ASEAN, I ask unanimous consent that Foreign Minister Dhana-balan's statement be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MESSAGE FROM MR. S. DHANABALAN, MINISTER FOR FOREIGN AFFAIRS AND CULTURE

On August 8, the Association of Southeast Asian Nations (ASEAN) commemorates its 14th anniversary. When ASEAN was formed in 1967, the ASEAN countries could not have visualized the extent of ASEAN's success in creating a regional environment conducive to the strengthening of bilateral ties and the enhancement of confidence in the ASEAN region.

Initially, ASEAN aimed at achieving more harmonious relations among its member states while seeking expanded economic co-operation within the region. Over the years, ASEAN has become a cohesive regional grouping, the most successful of its kind in the Third World. The unity and solidarity achieved by ASEAN has arisen largely because we share the common aim of pursuing the economic betterment of our people and emphasize good neighbourliness and co-operation between members.

The objectives which prompted the ASEAN states to establish ASEAN are as valid today as they were in 1967:—

The wish to live in peace with each other and with our neighbours, even if they are communists;

The desire for regional peace and stability so that each state can concentrate on economic development and the creation of a more just and equitable society.

ASEAN is now one of the world's fastest growing regions. Between 1972-78, the ASEAN states achieved an average growth rate of 7.3 per cent per annum, despite the world recession following the quadrupling of oil prices after the crisis of 1973. Recent studies have predicted that ASEAN will grow at more than 8 per cent per annum between 1981-85, the fastest area of growth in the western Pacific region. The close relations resulting from

their participation in ASEAN are an important factor in creating this positive outlook.

ASEAN has demonstrated that five non-communist states can co-operate to further their own interests. It is not an unquestioning ally of any side in this multi-polar world. However, because ASEAN's commitment to the maintenance of open societies and market economies, ASEAN has enjoyed closer relations with the West. The more difficult problem, one that we will have to deal with over the next decade, is to avoid being entangled in the conflicts between China and the Soviet Union, or between Vietnam and China.

The immediate focus of ASEAN's concern is the Vietnamese invasion and occupation of Kampuchea. This deliberate move by Vietnam directly threatens the security of Thailand and the other ASEAN states. It has resulted in Indochina emerging as the cockpit of the Sino/Soviet conflict. ASEAN therefore seeks the withdrawal of Vietnamese forces from Kampuchea, so that the Kampuchean people can freely elect their own government without external interference.

ASEAN's basic objective is to achieve a peaceful and stable regional environment in Southeast Asia which is essential to economic growth. A Vietnam committed to living in peace with its neighbors can share in the rapid growth which is expected of the ASEAN region.

In the 1980s, the focus of ASEAN will be on expanding ASEAN's dialogues with its friends outside the region. The results of such dialogues have been a significant area of economic co-operation for ASEAN. We have demonstrated the effectiveness of ASEAN solidarity during the negotiations on ICAP, in ASEAN's co-ordinated approaches to the US seeking the removal of the ban on GSP preferences for Indonesia, and in consultations with the European Community on textiles and other labour-intensive manufactured products.

One desirable area for increased co-operation is intra-ASEAN trade. This trade is small compared with ASEAN's trade with countries outside the ASEAN region. Moreover, intra-ASEAN trade is limited mainly to foodstuffs and commodities. There are opportunities to increase not only the volume of intra-regional trade, but also to diversify the type of goods being traded.

To facilitate such intra-regional trade, it is essential to utilize the ASEAN Preferential Trading Arrangements more effectively to ensure that tariff barriers among the ASEAN countries are reduced. So far, we have made only modest progress in this direction. But the path has been set and the pace quickened.

It is this combination of political and economic will that has made ASEAN a success. We are convinced that through mutual understanding and constant consultations based on the principle of consensus, the spirit and practice of ASEAN unity will be further strengthened.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

QUARTERLY REPORT ON EAST-WEST TRADE—MESSAGE FROM THE PRESIDENT—PM 77

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report, which was referred to the Committee on Finance:

To the Congress of the United States:

In accordance with Section 411(c) of the Trade Act of 1974, as amended (19 U.S.C. 2441), I herewith transmit the quarterly report on East-West Trade covering the first quarter of 1981.

The report discusses United States trade relations with the Soviet Union, the People's Republic of China and the Eastern European countries.

RONALD REAGAN.

THE WHITE HOUSE, September 15, 1981.

MESSAGE FROM THE HOUSE

At 3:14 p.m., a message from the House of Representatives delivered by Mr. Gregory, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to H.R. 4034, making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1982, and for other purposes; that the House recedes from its disagreement to the amendments of the Senate numbered 22, 28, and 35 to the bill, and concurs therein; and that the House recedes from its disagreement to the amendments of the Senate numbered 4, 5, 13, and 23 to the bill, and concurs therein with amendments in which it requests the concurrence of the Senate.

ORDER FOR STAR PRINT

Mr. BAKER. Mr. President, I ask unanimous consent that Senate Resolution 204 be star printed to reflect the constitutional requirement for a two-thirds vote of the Senate for adoption of the resolution, and I send the correction to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. DOLE, from the Committee on Finance, without amendment:

H.J. Res. 265. A joint resolution to provide for a temporary increase in the public debt limit.

By Mr. DOMENICI, from the Committee on the Budget, without amendment:

S. Res. 195. A resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1533.

S. Res. 196. A resolution waiving section

402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1549.

By Mr. THURMOND, from the Committee on the Judiciary, with an amendment, and an amendment to the title:

S.J. Res. 4. A joint resolution to authorize the President to issue annually a proclamation designating that week in November which includes Thanksgiving Day as "National Family Week."

By Mr. THURMOND, from the Committee on the Judiciary, without amendment, and with a preamble:

S.J. Res. 101. A joint resolution designating "National High School Activities Week."

S.J. Res. 103. A joint resolution to authorize and request the President of the United States to issue a proclamation designating the 7 calendar days beginning October 4, 1981, as "National Port Week."

S.J. Res. 105. A joint resolution to designate October 1981 as "National PTA Membership Month."

S. Res. 155. A resolution saluting the 50th anniversary of Radio City Music Hall.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary:

Sandra Day O'Connor, of Arizona, to be an Associate Justice of the Supreme Court of the United States.

Robert F. Chapman, of South Carolina, to be a U.S. circuit judge for the fourth circuit.

Joseph E. Stevens, Jr., of Missouri, to be U.S. district judge for the eastern and western districts of Missouri.

John R. Gibson, of Missouri, to be U.S. district judge for the western district of Missouri.

D. Brook Bartlett, of Missouri, to be U.S. district judge for the western district of Missouri.

Frank W. Donaldson, of Alabama, to be U.S. attorney for the northern district of Alabama.

J. Frederick Motz, of Maryland, to be U.S. attorney for the district of Maryland.

W. Stephen Thayer III, of New Hampshire, to be U.S. attorney for the district of New Hampshire.

By Mr. DOLE, from the Committee on Finance:

Alfred E. Eckes, Jr., of Virginia, to be a member of the U.S. International Trade Commission.

By Mr. PERCY, from the Committee on Foreign Relations:

Jose Manuel Casanova, of Florida, to be Executive Director of the Inter-American Development Bank.

Dominick L. DiCarlo, of New York, to be Assistant Secretary of State for International Narcotics Matters.

Langhorne A. Motley, of Alaska, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Brazil.

CONTRIBUTIONS

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Langhorne A. Motley.

Post Brazil. Nominated February 10, 1977.

Contributions, amount, date, and donee
1. Self: \$50, February 10, 1977, Republican Party, Alaska; \$100, September 19, 1977, Phil Ruppe for Congress; \$100, October 11, 1977, Don Young for Congress; \$50,

June 5, 1978, Ted Stevens for Senate; \$100, September 7, 1978, Walter Vogel—Congress; \$250, April 1, 1979, Don Young for Congress; \$100, April 8, 1979, Jim Santini for Congress; \$250, July 8, 1979, Jerry Huckaby—Congress; \$250, July 8, 1979, John Breaux for Congress; \$100, July 8, 1979, Bill Bradley for Senate; \$100, August 9, 1979, A. J. Murphy for Congress; \$200, May 28, 1980, Jerry Huckaby—Congress; \$1,000, June 20, 1980, Frank Murkowski—Senate; \$1,000, September 16, 1980, Frank Murkowski—Senate; \$250, May 6, 1981, Don Young for Congress.

2. Spouse: \$1,000, July 7, 1980, Frank Murkowski—Senate; \$1,000, October 20, 1980, Frank Murkowski—Senate.

3. Children and spouses, Valerie and Allison: None.

4. Parents, Ralph (deceased) and Faith Motley: None.

5. Grandparents, deceased: None.

6. Brothers and spouses: None.

7. Sisters and spouses, Diana Hammond (divorced): None.

William Courtney Sherman, of Virginia, a Foreign Service officer of class 1, to be Deputy Representative of the United States of America in the Security Council of the United Nations, with the rank of Ambassador.

CONTRIBUTIONS

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: William Courtney Sherman.

Post: Deputy Representative to the United Nations.

Contributions, amount, date, and donee

1. Self: None.

2. Spouse: None.

3. Children and spouses Mr. and Mrs. Peter N. Simon, John Justin Sherman, Roger Woodsen Sherman: None.

4. Parents, deceased: None.

5. Grandparents, deceased: None.

6. Brothers and spouses: None.

7. Sisters and spouses, Mr. and Mrs. Frank W. Moorhead: None.

Ben J. Wattenberg, of the District of Columbia, to be a Member of the Board for International Broadcasting.

(The above nominations from the Committee on Foreign Relations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. WEICKER:

S. 1620. A bill to amend section 8(a) (1) of the Small Business Act; to the Committee on Small Business.

By Mr. CANNON (for himself and Mr. LAXALT):

S. 1621. A bill to authorize the replacement of existing pump casings in Southern Nevada Water Project Pumping Plants 1A and 2A, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. SCHMITT:

S. 1622. A bill to extend the reporting date for the commission studying the role of gold in monetary systems; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. JOHNSTON:

S. 1623. A bill to name the lock authorized as a replacement for Vermilion Lock, Louisiana, as "Leland Bowman Lock"; to the Committee on Environment and Public Works.

By Mr. LUGAR:

S. 1624. A bill to designate the Veterans' Administration medical center in Indianapolis, Indiana, as the "Richard L. Roubush Veterans' Medical Center"; to the Committee on Veterans Affairs.

By Mr. MOYNIHAN:

S. 1625. A bill to authorize the President of the United States to present on behalf of Congress a specially struck gold medal to the widow of Roy Wilkins; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. NICKLES (for himself, Mr. WALLOP, and Mr. MURKOWSKI):

S. 1626. A bill to amend the Department of Energy Organization Act to clarify the jurisdiction of the Federal Energy Regulatory Commission, to reform and improve the regulation of oil pipelines, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. MOYNIHAN:

S.J. Res. 108. Joint resolution to provide that commemorative medals to be struck by the Netherlands-American Amity Trust in honor of the bicentennial anniversary of Netherlands-American diplomatic relations shall be national commemorative medals; to the Committee on Banking, Housing, and Urban Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. WEICKER:

S. 1620. A bill to amend section 8(a) (1) of the Small Business Act; to the Committee on Small Business.

SECTION 8(a) PILOT PROCUREMENT PROGRAM

● Mr. WEICKER. Mr. President, I am sending to the desk a bill to extend for an additional period of time the Small Business Administration's section 8(a) pilot procurement program. The legislative authority for this program will expire at the end of this fiscal year unless Congress extends it.

The legislation that I offer today does two things. First, it extends the program until March 31, 1983; and second, it requires the President to designate another agency not in the Department of Defense, as the pilot agency.

Under the regular section 8(a) procurement program, the Federal agencies and departments voluntarily offer to SBA procurement requirements for which SBA is authorized to subcontract the work to small businesses owned by socially and economically disadvantaged persons. Under the pilot procurement program, extended by this legislation, SBA has the authority to identify and to select from the procurement needs of the agency designated by the President, suitable procurements for inclusion in the 8(a) program.

The concept of the pilot authority evolved out of a recognition that most of the Federal contracts awarded under the 8(a) program have traditionally been for work in general construction or general services, such as food services or janitorial services. In a 1978 report to the Senate Small Business Committee, the General Accounting Office noted that SBA's ability to develop firms in the 8(a)

program was limited by the types of contracts offered by Federal agencies. Hence, Congress in 1978 authorized the pilot program to give SBA the authority to select contracts in nontraditional, high technology areas to develop minority firms in areas with a high potential for economic growth. The concept of the pilot program is still valid; the need for the authority is as pressing today as it was in 1978.

Although the pilot program became effective on October 24, 1978, with the signing of Public Law 95-507, the President did not designate the Army as the pilot agency until January 10, 1979. Furthermore, it was not until May 24, 1979, 7 months after the authority took effect, that the interagency agreement was agreed to between SBA and Army. The first contract was not awarded under the program until September 27, 1979, nearly 1 year after enactment of the pilot authority. Because the authority had not been fully tested, Congress, with the enactment of Public Law 96-481, extended the program until September 30, 1981.

While it must be recognized that SBA's exercise of this authority has left much to be desired, we should not let SBA's past shortcomings be the basis for allowing this program with great potential benefits to minority businesses to die. With a new administration to set a new direction, this program can have a new beginning.

This past January, the GAO issued a report reviewing the implementation of the pilot program. Their recommendation to the Congress, despite the problems in the program, was that the pilot program be placed in another agency other than the Department of Army in order to fully test Congress legislative objective. Accordingly, the bill that I offer would require the President to designate a nondefense agency to participate in the program.

As I mentioned, one of Congress concerns last October was with SBA's slow implementation of the program. I certainly hope that a delayed implementation will not occur this time should Congress extend the program. It should also be noted that since this legislation requires the designation of a new pilot agency, it will undoubtedly take time for the President to select the appropriate agency, and for the two agencies, SBA and the pilot designee, to work out an agreement and establish the necessary procedures.

Accordingly, I have proposed an extension of the program until March 31, 1983. This will give the new leadership a full year to develop a track record so that Congress can make a final determination as to whether the pilot authority is a workable vehicle to help achieve the goal of minority business development. ●

By Mr. CANNON (for himself and Mr. LAXALT):

S. 1621. A bill to authorize the replacement of existing pump casings in southern Nevada water project pumping plants 1A and 2A, and for other purposes; to the Committee on Energy and Natural Resources.

SOUTHERN NEVADA WATER PUMPING PLANTS

Mr. CANNON. Mr. President, I introduce for myself and my distinguished colleague, (Mr. LAXALT), a bill to provide for the replacement of defective pumps of the southern Nevada water project, first stage. Replacement would cost \$1.5 million and those costs would be non-reimbursable.

Within months after the installation of the present pumps but after expiration of the warranty period, serious defects were detected in all of the pumps. The operation of the pumps and motors has been continually unsatisfactory, since then. Maintenance costs have been extraordinary and the expected lifespan will be significantly shortened, without corrective measures. Remedial measures, to date, approach \$1.5 million and far exceed the original bid of \$920,000 for the pumps and their installation. Hitachi American, Ltd. furnished the original pumps, motors, and appurtenant equipment. The company has expended over \$1 million in an effort to repair and maintain the pumps and has agreed to their replacement at cost.

Several alternatives were considered to resolve this difficulty. An acceptable solution and the least costly alternative is to replace the present casings with stainless steel casings. This is expected to halt the deterioration experienced in the past.

Mr. President, I believe this alternative, which has been approved by the Bureau of Reclamation and the other parties of interest, will resolve this matter and I urge early attention to this bill in the Senate. I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1621

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized to procure, and provide for the installation of, 12 new stainless steel casings and minor appurtenant parts to replace 12 existing cast steel pump casings in Pumping Plants 1A and 2A of the Southern Nevada Water Project, First Stage.

SEC. 2. The Secretary is hereby authorized to negotiate with the original manufacturer for the procurement of the new stainless steel replacement casings.

SEC. 3. Costs incurred in the procurement of the 12 pump casings and minor appurtenant parts shall be borne by the United States and shall be nonreimbursable and nonreturnable. The State of Nevada shall install the 12 stainless steel casings and minor appurtenant parts at its cost in a manner satisfactory to the Secretary.

SEC. 4. There is hereby authorized to be appropriated for procurement of 12 stainless steel pump casings and minor appurtenant parts for Southern Nevada Water Project Pumping Plants 1A and 2A the sum of \$1.5 million (July 1980 price levels), plus or minus such amounts, if any, as may be justified by reason of changes in procurement costs as indicated by engineering cost indexes applicable to the type of procurement involved. *Provided,* That except as otherwise may be required by existing contracts, the United States shall incur no further liability with respect to the 12 pumps in

Pumping Plants 1A and 2A of Southern Nevada Water Projects, First Stage and no further expenditures or actions by the United States with respect to those pumps are either expressly or impliedly authorized by this Act.

By Mr. SCHMITT:

S. 1622. A bill to extend the reporting date for the Commission studying the role of gold in monetary systems; to the Committee on Banking, Housing, and Urban Affairs.

GOLD COMMISSION EXTENSION

● Mr. SCHMITT. Mr. President, on June 16, 1980, the Senate agreed to an amendment to S. 2271, the Brenton Woods Agreements Act, which established a Gold Commission to—

Conduct a study to assess and make recommendations with regard to the policy of the United States Government concerning the role of gold in domestic and international monetary systems.

The Commission was directed to transmit its report to the Congress no later than 1 year after the date of enactment, October 7, 1981.

Due to the change in the administration, members of the Commission were not appointed until late spring, and the first meeting did not occur until July 16, 1981. The second meeting is scheduled for September 18, only 3 weeks before the deadline for the Commission's report to Congress.

It seems clear that an issue as complex as the role of gold in the domestic and international economy cannot be carefully studied in only two meetings, under the pressure of a fast approaching deadline. The report resulting from such a procedure cannot do justice to the subject and cannot provide clear guidance to the Congress on a controversial issue. For this reason I am introducing legislation to extend the life of the Commission until December 20, 1982. This will provide time for a full examination and public discussion of the role of gold in our economy.

If we fail to extend the time limit, the report that results from the Commission will fail to provide the definitive statement I think the Congress would like to see.

I realize that there are members who feel strongly that the United States should return to a gold standard at the earliest possible date. Others think that such a step would lead to economic chaos. I for one have not made up my mind on this matter, and as a member of the Commission, I feel certain that much study remains to be done before clear conclusions can be reached. But whether one favors or opposes a return to a gold standard, I think we can all agree that it would be preferable to have the issue resolved with this Commission, than to have the matter perpetuated with an incomplete and inconclusive report.

Mr. President, I ask unanimous consent that the text of the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1622

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 10(b) of Public Law 96-389 (31 U.S.C. 822a note) is amended by striking out "one year after the date of enactment of this Act" and inserting in lieu thereof "December 20, 1982".

By Mr. JOHNSTON:

S. 1623. A bill to name the lock authorized as a replacement for Vermilion Lock, La., as "Leland Bowman Lock"; to the Committee on Environment and Public Works.

LELAND BOWMAN LOCK

● Mr. JOHNSTON. Mr. President, I have sent to the desk a bill to rename the Vermilion Lock, La., the Leland Bowman Lock in honor of the late Capt. Leland Bowman, one of Louisiana's leaders in water resource development and in a great measure responsible for this important lock on the Gulf Intracoastal Waterway in Vermilion Parish, La.

Only a few days before Captain Bowman's death on May 21, 1981, the final hurdle of acquisition of all the rights-of-way was completed thus clearing the way for initiation of construction of a new, modern lock to replace the antiquated Vermilion Lock on the Gulf Intracoastal Waterway. He doggedly pursued the authorization of a 110-foot-wide lock, which will not only reduce navigation costs but improve immensely the control of salt water intrusion into the Mermentau Basin and facilitate discharge of floodwaters.

Captain Bowman gave unselfishly of his time and energy in the service of his Nation, his State, and his community. He served in many capacities including president of the Louisiana Intracoastal Seaway Association; chairman of the Gulf Intracoastal Canal Association; vice chairman of the Louisiana Coastal Commission; and vice president of the American Waterway Operators, Inc. He was instrumental in securing authorization and funding for important water projects including the Gulf Intracoastal Waterway, the Mermentau Basin project, the Teche-Vermilion Division project.

It is indeed appropriate and fitting that we honor Capt. Leland Bowman in this manner and I trust my Senate colleagues will agree with me and quickly approve this bill.

By Mr. LUGAR (for himself and Mr. QUAYLE):

S. 1624. A bill to designate the Veterans' Administration medical center in Indianapolis, Ind., as the "Richard L. Roudebush Veterans' Medical Center"; to the Committee on Veterans' Affairs.

RICHARD L. ROUDEBUSH VETERANS' MEDICAL CENTER

● Mr. LUGAR. Mr. President, today, on behalf of myself and my colleague from Indiana, Senator DAN QUAYLE, I introduce legislation acknowledging the achievements of our distinguished former congressional colleague and fellow Hoosier, Richard L. Roudebush.

In recognition of his outstanding contribution to the welfare of all Americans, and particularly for his work on behalf of our Nation's veterans community, this legislation designates a medical facility in Indianapolis, Ind., as the "Richard L. Roudebush Veterans' Medical Center."

Mr. President, it is indeed fitting that a VA medical center bear "Roudy's" name for he has given many years of dedicated service to this Nation's 35 million war veterans.

Dick started his long association with the military at the age of 23, after having completed a degree in business administration from Butler University in June of 1941. He enlisted in the Army shortly after graduation, responding to America's increased involvement in World War II. Trained as a demolitions expert, he served with elite British forces during five North African campaigns. He later participated in the allied invasion of Italy where he applied his skills to clear explosives from captured enemy airfields.

Though Dick's service in the field was cut short by combat wounds, his fine accomplishments did not go unnoticed. During the 2½ years which preceded his medical discharge, Dick earned five battle stars.

The year 1944 marked the end of Dick's service on the battlefield and the start of a lifelong career in public service. He spent 8 years as a member of the Indiana Veterans Commission, serving as its chairman for most of this time.

Mr. Roudebush was named commander of his local VFW post in 1948, the first World War II veteran to be accorded that honor. He was named to many important VA positions during the next several years, culminating in a nomination to the position of national VFW commander in chief in 1957. At the end of his 1-year term, he returned to his native Noblesville, Ind., to tend to his farm and family business until 1960, when friends and associates persuaded him to run for Congress. His victory that year marked the first of 10 years of service on Capitol Hill.

While in Congress, Dick advanced an already strong reputation for work on behalf of the veterans' community. Additionally, as the ranking member of the House Committee on Science and Astronautics, he was praised for his efforts in helping to launch America's then fledgling space program.

After being denied a U.S. Senate seat in Indiana's closest election ever, Dick retired from active politics. He maintained his keen interest and active participation in veterans affairs however, and in 1971, returned to Washington as Director of the Veterans' Administration's Congressional Relations Office. He later served as the agency's Deputy Administrator and, in October 1974, was named by President Ford to the office of VA Administrator.

Under his able leadership, the Veterans' Administration's financial position improved, and its focus expanded. The agency made particularly strong gains in the areas of educational loans and disability compensation. As VA commander he helped improve the Adminis-

tration's health coverage capabilities by overseeing the expansion of numerous medical centers throughout the country.

Mr. President, I offer this bill knowing that the dedication of this medical facility cannot recognize Dick Roudebush to the full extent of his contribution. I think it is fitting, however, for this body to at least acknowledge the achievements of an outstanding individual by according him this honor. I urge my colleagues to join me in this effort through their support of S. 1624.●

By Mr. MOYNIHAN:

S. 1625. A bill to authorize the President of the United States to present on behalf of Congress a specially struck gold medal to the widow of Roy Wilkins; to the Committee on Banking, Housing, and Urban Affairs.

ROY WILKINS

● Mr. MOYNIHAN. Mr. President, with the death of Roy Wilkins on September 8, this Nation suffered an incomparable loss. Though born in St. Louis in 1901 and living for a time in Minnesota, Roy Wilkins spent the bulk of his life as a New Yorker, where in his over 45 years with the NAACP he worked for the civil rights of all Americans.

The landmark Supreme Court decision *Brown* against Board of Education, the March on Washington in 1963, and perhaps most importantly, passage of the Civil Rights Act of 1964, were due in no small measure to his efforts. He affected this Nation profoundly. And for the good. For it was Roy Wilkins, perhaps more than any American, who taught us that a country's greatness is directly related to the freedom and opportunities it affords its people. I am proud to have been his friend and colleague for the past 25 years. We shall all miss him.

Mr. President, I am today introducing legislation authorizing the President to present, on behalf of the Congress, a gold medal of appropriate design to Amina Badeau Wilkins, the widow of Roy Wilkins. I feel this to be an altogether appropriate way to express the appreciation of all Americans for the contributions of Roy Wilkins to the cause of civil rights and equality.●

By Mr. NICKLES (for himself, Mr. WALLOP, and Mr. MURKOWSKI):

S. 1626. A bill to amend the Department of Energy Organization Act to clarify the jurisdiction of the Federal Energy Regulatory Commission, to reform and improve the regulation of oil pipelines, and for other purposes; to the Committee on Commerce, Science, and Transportation.

PETROLEUM PIPELINE REGULATORY REFORM

● Mr. NICKLES. Mr. President, on July 29, 1981, I announced my intention to introduce petroleum pipeline regulatory reform legislation to remove the requirement for unnecessary Government regulation of petroleum and petroleum products pipeline transportation rates.

Over the past few weeks, I have had the opportunity to work with several of my colleagues to arrive at a consensus

on legislative language to effect reform of an industry which already is regulated by competition.

Today I am introducing this legislation. The bill allows the competitive market system to set petroleum pipeline rates, while maintaining the safeguards to protect the industry and consumers against unlawful discrimination. I ask unanimous consent that a section-by-section analysis be printed in the RECORD.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

SECTION-BY-SECTION ANALYSIS—S. 1626

Section 1. Title of the Act. This Act may be cited as the Department of Energy Organization Act Amendments of 1981.

Section 2. Statement of purpose: to foster a competitive oil pipeline industry, induce investment in new oil pipelines, and eliminate unnecessary regulations.

Section 3(a). Repeals Section 306 of the Department of Energy Organization Act of 1977 which transferred from ICC to the Secretary of Energy those functions which relate to the transportation of oil by pipeline.

Section 3(b). Repeals Section 402(b) of the Department of Energy Organization Act of 1977 which transferred to FERC the functions and authority of ICC to establish rates and charges for the transportation of oil by pipeline.

Section 3(c). Amends Section 402 of the Department of Energy Organization Act of 1977 by adding a new Subsection to transfer to FERC all functions related to the transportation of oil by pipeline (formerly transferred to the Secretary of Energy and FERC under Sections 306 and 402(b) of the Department of Energy Organization Act of 1977 as originally enacted), subject to the provisions of Section 4 of this bill.

Section 4(a). Repeals those laws which vest jurisdiction and authority to suspend or determine or prescribe rates, fares or charges for the transportation of oil by pipeline, except as provided by Section 4(b).

Section 4(b). Provides that the repeal in Subsection 4(a) does not apply to the FERC's authority with respect to rates, fares or charges for the transportation of oil by the trans-Alaska pipeline system.●

ADDITIONAL COSPONSORS

S. 611

At the request of Mr. THURMOND, the Senator from Montana (Mr. MELCHER) was added as a cosponsor of S. 611, a bill to amend section 5 of the Uniformed Survivors Benefits Amendments of 1980 to provide the same annuity benefits to the surviving spouses of certain former members of the uniformed services who died before September 21, 1972, but after their discharge or release from active duty, as are provided under such section to the surviving spouses of certain former members who died before such date while serving on active duty.

S. 941

At the request of Mr. THURMOND, the Senator from Indiana (Mr. LUGAR) was added as a cosponsor of S. 941, a bill to authorize the construction and maintenance of the Gen. Draza Mihailovich Monument in Washington, District of Columbia, in recognition of the role he played in saving the lives of approximately 500 U.S. airmen in Yugoslavia during World War II.

S. 1230

At the request of Mr. CRANSTON, the Senator from Hawaii (Mr. INOUE) was added as a cosponsor of S. 1230, a bill to provide for the minting of commemorative coins to support the 1984 Los Angeles Olympic games.

S. 1249

At the request of Mr. PERCY, the Senator from Maine (Mr. MITCHELL) was added as a cosponsor of S. 1249, a bill to increase the efficiency of Government-wide efforts to collect debts owed the United States, to require the Office of Management and Budget to establish regulations for reporting on debts owed the United States, and to provide additional procedures for the collection of debts owed the United States.

S. 1272

At the request of Mr. CANNON, the Senator from Florida (Mr. CHILES) was added as a cosponsor of S. 1272, a bill to modify certain airport and airway user taxes to provide appropriate funding for the Airport and Airway Trust Fund, and for other purposes.

S. 1450

At the request of Mr. CANNON, the Senator from Hawaii (Mr. INOUE), and the Senator from South Dakota (Mr. PRESSLER) were added as cosponsors of S. 1450, a bill to provide for the continued deregulation of the Nation's airlines, and for other purposes.

S. 1528

At the request of Mr. PROXMIRE, the Senator from Nevada (Mr. CANNON) was added as a cosponsor of S. 1528, a bill to amend the Social Security Act to provide for improved management of the social security trust funds and increase the return on investments to those funds.

S. 1593

At the request of Mr. PACKWOOD, his name was added as a cosponsor of S. 1593, a bill to revise regulation of international liner shipping operating in the U.S. foreign commerce.

S. 1607

At the request of Mr. D'AMATO, the Senator from Michigan (Mr. LEVIN), the Senator from Montana (Mr. MELCHER), and the Senator from Oklahoma (Mr. NICKLES) were added as cosponsors of S. 1607, a bill to amend the Internal Revenue Code of 1954 to provide a minimum interest and dividend exclusion of \$200 for each individual.

SENATE JOINT RESOLUTION 4

At the request of Mr. THURMOND, his name was added as a cosponsor of Senate Joint Resolution 4, a joint resolution to authorize the President to issue annually a proclamation designating that week in November which includes Thanksgiving Day as "National Family Week."

SENATE JOINT RESOLUTION 103

At the request of Mr. THURMOND, the Senator from Maryland (Mr. MATHIAS), the Senator from Virginia (Mr. WARNER), the Senator from Kansas (Mr. DOLE), the Senator from Oregon (Mr. PACKWOOD), the Senator from North Carolina (Mr. HELMS), the Senator from Alaska

(Mr. MURKOWSKI), and the Senator from Alaska (Mr. STEVENS) were added as cosponsors of Senate Joint Resolution 103, a joint resolution to authorize and request the President of the United States to issue a proclamation designating the 7 calendar days beginning October 4, 1981, as "National Port Week."

SENATE RESOLUTION 175

At the request of Mr. BOREN, the Senator from West Virginia (Mr. RANDOLPH) was added as a cosponsor of Senate Resolution 175, a resolution to congratulate the State of Oklahoma on the celebration of its Diamond Jubilee.

SENATE CONCURRENT RESOLUTION 33—SUBMISSION OF A CONCURRENT RESOLUTION TO DISAPPROVE CERTAIN FTC REGULATIONS RELATING TO THE SALE OF USED MOTOR VEHICLES

Mr. PRESSLER submitted the following concurrent resolution, which was referred to the Committee on Commerce, Science, and Transportation:

S. CON. RES. 33

Resolved by the Senate (the House of Representatives concurring), That the Congress disapproves the final rule promulgated by The Federal Trade Commission dealing with the matter of the trade regulation rule relating to the sale of used motor vehicles, which final rule was submitted to the Congress on September 10, 1981.

● Mr. PRESSLER. Mr. President, on September 25, 1980, I joined 51 of my colleagues in a letter to the Chairman of the Federal Trade Commission expressing opposition to the used car regulation. I regret that I must again stand to oppose the adoption of this inspection rule and rise today to submit a resolution disapproving the Federal Trade Commission trade regulation relating to the sale of used motor vehicles.

As current high interest rates continue to plague our small businesses throughout the country, it is totally inappropriate to place additional burdens on this beleaguered segment of the economy. In South Dakota, 26 of the 260 franchised automobile dealers have been forced out of business in the last year and a half. Americans saw hope of regulatory relief with last year's election only to find themselves faced with this proposed regulation which, for the last 8 years, has been discussed and found impractical and inoperable.

As a member of the Senate Commerce, Science, and Transportation Committee, I am certainly familiar with the history of this regulation. Although the pending regulation has been modified by the FTC, I find several major questions which still need to be addressed.

Although the Commission does include in its rule a warranty disclosure provision which does comply with the clearly expressed congressional intent, it also requires dealers to disclose known defective components through a sticker on the window of the vehicle. Neither the Magnuson-Moss Act nor the legislative history authorizes the Commission to promulgate any known defect disclosure rule for dealer sales of used motor vehicles.

The rule also states that a dealer has knowledge of a defect if they have "obtained facts or information about the condition of a vehicle which would lead a reasonable person in similar circumstances to believe that the car contained one or more defects as defined in section 455.6 of the rule." An inspection is indirectly required in order to discover the specific defect. "Defect" is a totally unworkable term.

Mr. President, I have been contacted by used car dealers who are primarily small businessmen. They view this regulation as another of bureaucratic strangling of their businesses. I believe it is imperative that we carefully conduct a cost-benefit analysis on this regulation. Such regulation only increases the cost to the consumer and discourages the sale of used cars.

I urge my colleagues to join me in opposing the adoption of the Federal Trade Commission's used car rule.●

SENATE RESOLUTION 211—SUBMISSION OF A RESOLUTION CALLING ON THE FEDERAL RESERVE TO ENCOURAGE BANKS TO MAKE LOANS FOR PRODUCTIVE USES

Mr. BENTSEN submitted the following resolution, which was referred to the Committee on Banking, Housing, and Urban Affairs:

S. RES. 211

Whereas, the United States confronts an interest rate crises of major magnitude with interest rates at record high levels and little prospect for their reduction in the near term;

Whereas, these excessive interest rates are well above the rate of inflation and the levels which are necessary to protect lenders from erosion of principal through inflation;

Whereas, these excessive interest rates are creating a major depression in the housing and auto industries, forcing many families into a position where they cannot afford to buy homes, large consumer durables or safe and reliable transportation, and forcing thrift institutions, home builders, building material suppliers, realtors and auto dealers into bankruptcy;

Whereas, these excessive interest rates have driven up the cost of doing business for all small businesses and farmers and have raised their costs even while sales revenues are dropping and threatening them with bankruptcy;

Whereas, these excessive interest rates are threatening to create a recession which would increase unemployment and welfare lines, reduce tax receipts and increase the Federal deficit which may increase interest rates further;

Whereas, one major factor responsible for the excessive level of interest rates is credit demand created by the use of scarce bank loans for unproductive purposes, such as precious metal speculation or mergers by giant business concerns which do not increase productivity, output or economic efficiency; and,

Whereas, the Board of Governors of the Federal Reserve System in the past has discouraged the use of bank funds in unproductive ways when such funds were scarce or expensive: Now, therefore, be it

Resolved, That the Board of Governors of the Federal Reserve System undertake an aggressive campaign designed to encourage banks to:

(1) cease providing loans or lines of credit for unproductive and speculative purposes,

while increasing the supply of credit available for productive uses; and,

(2) ensure that thrift institutions, the housing industry, auto dealers, small business, farmers and home buyers have access to the cheapest possible credit in order to avoid a recession.

(The remarks of Mr. BENTSEN when he submitted the resolution appear earlier in today's RECORD.)

AMENDMENTS SUBMITTED FOR PRINTING

GOLD MEDALLION ACT AMENDMENTS—S. 1230

AMENDMENT NO. 540

(Ordered to be printed and referred to the Committee on Banking, Housing, and Urban Affairs.)

Mr. SCHMITT submitted an amendment intended to be proposed by him to the bill (S. 1230) to provide for the minting of commemorative coins to support the 1984 Los Angeles Olympic games.

● Mr. SCHMITT. Mr. President, in 1978 the Congress passed the Gold Medallion Act. This act was intended to provide for Treasury sales to the public of gold medallions commemorating noted American artists.

Unfortunately, the program has not worked. The marketing plan devised by the Treasury Department seems to have been intentionally devised to discourage sales. It is flawed in several ways. First, the medallions can only be purchased through a post office where, of course, medallions are not displayed. The prospective customer is not able to look at and examine the product being purchased.

Second, the purchaser must mail a cashier's check or money order to pay for the medallions. Checks are not permitted thus adding to the inconvenience.

Third, the order is mailed to the Treasury Department and delivery of the actual medallion by mail occurs 6 weeks or more later. I fail to see why it should be necessary for an individual to wait 6 weeks to buy a gold medallion from the U.S. Government when the gold coins of South Africa, Canada, or Mexico can be obtained in 10 minutes from any number of dealers around the country.

Fourth, the Treasury prohibits sales of more than 125 medallions to any one individual, thus insuring that others will not develop an efficient and convenient market in medallions where the Treasury has failed.

The combined effect of this system of marketing is to discourage sales. As a result the gold medallion program has never really gotten off of the ground.

The legislation I am submitting would change this in a very simple and effective manner by providing for the Treasury to make bulk sales of the medallions to the general public and to dealers.

I am informed that the marketing plan in this bill has been considered by the Treasury Department. The Department indicated that they were willing to consider implementing such a plan without legislation. However, in light of past per-

formance I am convinced that without congressional action on this matter there will simply be more foot dragging in the future.

If we are to have a gold medallion program, and the Congress voted overwhelmingly that we are, let us have one that works by allowing the public to participate in a convenient manner.

Mr. President, I ask unanimous consent that the text of the amendment be printed in full at this point in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

At the end of the bill add the following:

GOLD MEDALLION ACT AMENDMENTS

SEC. 11. (a) Section 406 of the American Arts Gold Medallion Act is amended by adding at the end thereof the following:

"(d) Not later than 60 days after the date of enactment of this subsection, the Secretary of the Treasury shall provide for bulk sales of gold medallions struck under the authority of this title to be made to the general public and to dealers through the Treasury Department and, if appropriate, the facilities of the Federal Reserve System and the commercial banking system." ●

TELECOMMUNICATIONS COMPETITION AND DEREGULATION ACT OF 1981—S. 898

AMENDMENT NO. 541

(Ordered to be printed and to lie on the table.)

Mr. GOLDWATER submitted an amendment intended to be proposed by him to the bill (S. 898) to amend the Communications Act of 1934 to provide for improved domestic telecommunications, and for other purposes.

CABLE TV PROVISIONS OF S. 898

● Mr. GOLDWATER. Mr. President, within the next week or so, the Senate will discuss, and I hope pass, S. 898, which amends the Communications Act of 1934. For reasons which are difficult to understand, this bill includes three provisions relating to cable television that were added late during the committee deliberations on the bill. A fourth cable TV amendment, relating to cross-ownership, was included much earlier and I am not addressing it at this time.

One amendment would remove some limited, but not all, of the jurisdiction of the mayors of our American communities to regulate basic cable subscriber rates if "alternative electronic media services are reasonably available." This is found in section 202(h) of the 1934 Act, as proposed to be amended by S. 898.

Another amendment instructs the Federal Communications Commission to establish "reasonable ceilings" for fees to be paid to States or cities by cable companies receiving franchises from those governments. This provision is section 202(i) of the 1934 act, as amended by S. 898.

The third amendment provides that utilities "shall afford reasonable access for pole attachments to any person providing cable services." This is contained in section 224 of the bill.

Now, I had assured the mayors earlier this year that there would be no such

substantial cable changes relating to the interests of local governments until new and adequate hearings were held. Such hearings have not been held during this session of Congress.

Therefore, I announce my intent to submit amendments at the appropriate time striking these particular cable provisions of the bill. This is not to say that I would or would not support any or all of these amendments later on, but many persons feel the local officials and utilities should have their "day in court" timely with Senate action on the subject, whether or not any related hearings were held a year or two ago.

Mr. President, my amendment would allow the Senate to decide whether it wishes to hold separate, new hearings on these items. I ask unanimous consent that the text of my proposed amendment be printed in the RECORD.

There being no objection, the amendment ordered to be printed in the RECORD, as follows:

Beginning on line 20, page 106, strike out through line 23, page 107.

On page 107, line 24, strike "(j)" and substitute "(h)".

On page 140, strike lines 2 through 12. ●

AGRICULTURE AND FOOD ACT OF 1981—S. 884

AMENDMENTS NOS. 542 AND 543

(Ordered to be printed and to lie on the table.)

Mr. ARMSTRONG submitted two amendments intended to be proposed by him to the bill (S. 884) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purpose.

AMENDMENT NO. 544

(Ordered to be printed.)

Mr. LUGAR (for himself, Mr. PELL, Mr. TSONGAS, Mr. COHEN, Mr. DANFORTH, Mr. DURENBERGER, Mr. HAYAKAWA, Mr. JEPSEN, Mr. PERCY, Mr. STAFFORD, Mr. HATFIELD, Mr. RIEGLE, Mr. LEVIN, Mr. HUMPHREY, Mr. BOSCHWITZ, Mr. GARN, Mr. GORTON, Mr. HATCH, Mr. HEINZ, Mr. QUAYLE, Mr. SPECTER, Mr. GRASSLEY, Mr. ROTH, and Mr. DODD) proposed an amendment to S. 884, supra.

AMENDMENT NO. 545

(Ordered to be printed.)

Mr. MATTINGLY proposed an amendment to S. 884, supra.

NOTICES OF HEARINGS

COMMITTEE ON SMALL BUSINESS

Mr. WEICKER. Mr. President, I would like to announce for the information of the Senate and the public that the Small Business Committee will hold a hearing on S. 1620 legislation to extend the Small Business Administration's section 8(a) pilot procurement program to March 31, 1983.

The hearing will be held on September 21, 1981, at 9:30 a.m., in room 424, Russell Senate Office Building. Senator WEICKER will chair.

For additional information please con-

tact Bob Wilson of the committee staff at 224-5175.

COMMITTEE ON SMALL BUSINESS

Mr. WEICKER. Mr. President, I would like to announce for the information of the Senate and the public that the Small Business Committee will hold a full committee meeting to mark up S. 881, "The Small Business Innovation Research Act of 1981" and S. 1620, legislation to extend the Small Business Administration's section 8(a) pilot procurement program to March 31, 1983.

The meeting will convene at 9:30 a.m. on Tuesday, September 22, 1981, in room 424, Russell Senate Office Building.

For additional information please contact Anne Sullivan or Bob Wilson of the committee staff at 224-5175.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. ROTH. Mr. President, the Committee on Governmental Affairs will hold a hearing on the nomination of Charles A. Bowsher of Washington, D.C., to be Comptroller General of the United States for a term of 15 years. The hearing will be on Thursday, September 17, 1981, at 1:30 p.m. in room 3302 of the Dirksen Senate Office Building. For further information, please contact Margaret Hecht at 224-4751.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. LUGAR. Mr. President, I ask unanimous consent that the Governmental Affairs Committee be permitted to meet during the session of the Senate at 9:30 on Tuesday, September 15, 1981, to discuss S. 1080, the regulatory reform bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. LUGAR. Mr. President, I ask unanimous consent that the Committee on Governmental Affairs be permitted to meet during the session of the Senate on Wednesday, September 16, at 2 p.m., to discuss the regulatory reform bill, S. 1080.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. Mr. President, I note that both requests have been cleared on this side of the aisle.

SUBCOMMITTEE ON THE CONSTITUTION

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on the Constitution of the Committee on the Judiciary be authorized to meet during the session of the Senate on Thursday, September 17, at 2 p.m., to discuss bail reform legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON FEDERAL EXPENDITURES, RESEARCH AND RULES

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Federal Expenditures, Research, and Rules of the Committee of Governmental Affairs be permitted to meet during the session of the Senate on Friday, September 18, at 9:30 in the morning, to consider S. 719, the Consultant Reform and Disclosure Act of 1981.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. BAKER. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, September 16, at 9 a.m. to receive a briefing on current intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

PRELIMINARY NOTIFICATION OF PROPOSED ARMS SALES

● Mr. PERCY. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive prior notification of proposed arms sales under that act in excess of \$25 million, or in the case of major defense equipment as defined in the act, those in excess of \$7 million. Upon receipt of such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

Pursuant to an informal understanding, the Department of Defense has agreed to provide the committee with a preliminary notification 20 days before transmittal of the official notification. The official notification will be printed in the RECORD in accordance with previous practice.

I wish to inform Members of the Senate that 11 such notifications were received during the recess. As my colleagues know, four of these advance notifications are for AWACS and F-15 enhancement equipment for Saudi Arabia. Since they were transmitted in unclassified form, I ask that the entire content of those four notifications be placed in the RECORD.

Interested Senators may inquire as to the details of the classified preliminary notifications at the office of the Committee on Foreign Relations, room 4229 Dirksen Building.

The notifications follow:

DEFENSE SECURITY ASSISTANCE AGENCY,

Washington, D.C., September 1, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to an American Republic for major defense equipment tentatively estimated to cost in excess of \$7 million.

Sincerely,

ERICH F. VON MARBOD,
Director.

DEFENSE SECURITY ASSISTANCE AGENCY,

Washington, D.C., September 1, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to an East Asian country tentatively estimated to cost in excess of \$25 million.

Sincerely,

ERICH F. VON MARBOD,
Director.

DEFENSE SECURITY ASSISTANCE AGENCY,

Washington, D.C., September 1, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a European country tentatively estimated to cost in excess of \$25 million.

Sincerely,

ERICH F. VON MARBOD,
Director.

DEFENSE SECURITY ASSISTANCE AGENCY,

Washington, D.C., September 1, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Middle Eastern country tentatively estimated to cost in excess of \$25 million.

Sincerely,

ERICH F. VON MARBOD,
Director.

DEFENSE SECURITY ASSISTANCE AGENCY,

Washington, D.C., September 1, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a NATO country tentatively estimated to cost in excess of \$25 million.

Sincerely,

ERICH F. VON MARBOD,
Director.

DEFENSE SECURITY ASSISTANCE AGENCY,

Washington, D.C., September 1, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a NATO country tentatively estimated to cost in excess of \$25 million.

Sincerely,

ERICH F. VON MARBOD,
Director.

DEFENSE SECURITY ASSISTANCE AGENCY,

Washington, D.C., September 1, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a NATO country for major defense equipment tentatively estimated to cost in excess of \$7 million.

Sincerely,

ERICH F. VON MARBOD,
Director.

DEFENSE SECURITY ASSISTANCE AGENCY,

Washington, D.C., August 24, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated February 18, 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information on Foreign Military Sales, as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification of the Administration's intention to sell to Saudi Arabia Airborne Warning and Control System (AWACS) aircraft, aerial refueling aircraft, AIM-9L missiles, and conformal fuel tanks for Saudi F-15 aircraft.

When these proposed sales were first announced earlier this year, a number of legislators offered suggestions concerning them. As subsequent briefings and testimony will indicate, the Administration has carefully considered these suggestions in developing the sales proposals.

Further, because of the importance attached to these sales by the Administration and the Congress, we have modified our advance notification procedures in this case in two respects. First, we are providing this advance notification now, even though the 20-day notification period will not begin to run until September 9, to allow the Congress and its staff additional time to assess these important sales. Second, we are transmitting the notification in unclassified form, to permit the fullest possible consideration of the details of the sales.

Please advise me if there is additional in-

formation that we might provide to aid in your review of these sales.

Sincerely,

ERICH F. VON MABBOD,
Director.

[Transmittal No. 81-CU]

ADVANCE NOTIFICATION OF POSSIBLE SECTION 36(b) STATEMENTS FOREIGN MILITARY SALES

- a. Prospective purchaser: Saudi Arabia.
- b. Description and quantity or quantities of articles or services under consideration for purchase: Five E-3A aircraft; associated spares and support equipment for three years; three years of contractor provided logistics, maintenance, and training support in Saudi Arabia; USAF and/or contractor provided CONUS training and technical support; a facility site survey; and provision for the design, construction, and supply of required AWACS related ground based Command, Control, and Communications (C³) facilities and equipment, including an appropriate number of ground radars.
- c. Estimated value(s) of this case: \$5.8 billion.
- d. Description of total program of which this case is a part: Same as b above.
- e. Estimated value of total program of which this case is a part: \$5.8 billion.
- f. Prior related cases, if any: None.
- g. Military department: Air Force (SJA).
- h. Estimated date letter of offer/acceptance (LOA) ready for formal notification to Congress: September 1981.
- i. Date advance notification delivered to Congress: August 24, 1981.

POLICY JUSTIFICATION

Saudi Arabia—E-3A aircraft:

The Government of Saudi Arabia has requested the purchase of five E-3A aircraft; associated spares and support equipment for three years; three years of contractor provided logistics, maintenance, and training support in Saudi Arabia; USAF and/or contractor provided CONUS training and technical support; a facility site survey; and provision for the design, construction, and supply of required AWACS related ground based Command, Control, and Communications (C³) facilities and equipment, including an appropriate number of ground radars, at an estimated aggregate cost of \$5.8 billion. (An additional sale may be requested for design and construction services to provide ground facilities to support the aircraft. This request, if received, will be notified separately.)

This sale will contribute significantly to U.S. foreign policy and national security objectives by helping to increase the security of a friendly country of vital interest to the United States. By enhancing Saudi Arabia's ability to intercept hostile aircraft, the sale will reduce the probability of major power confrontation in the region. In addition to enhancing the overall Western security posture in the Persian Gulf region, the sale will increase regional stability by improving Saudi Arabia's air defense capabilities. In these ways, it will help ensure continued Western access to vital Persian Gulf oil.

This sale will not have an adverse impact on the regional military balance. The E-2C, an airborne surveillance platform similar to the E-3A, is currently in the inventory of Israel. Ground radar systems are presently in the inventory of most of Saudi Arabia's neighbors.

Saudi Arabia currently lacks the early warning required for an effective air defense network. The E-3A aircraft and related ground based C³ equipment, combined with a small number of ground radars, are the most effective means of providing the early warning required for effective air defense. Five E-3A aircraft will allow the Royal Saudi Air Force (RSAF) to maintain one 24-hour per day orbit during short periods of heightened tension or hostilities.

Configuration of the RSAF AWACs will be identical to the standard USAF E-3A aircraft except that the Joint Tactical Information Distribution System (JTIDS), Electronic Counter Counter Measures (ECCM) enhancement and sensitive intelligence information, have quick UHF communication modifications, and three additional display consoles included in the latest USAF version will not be included nor will commercial substitutes be provided for these systems. However, commercially available substitutes will be provided for the U.S. Government Mode IV Identification Friend or Foe (IFF) and U.S. Government encryption systems.

The Boeing Aerospace Company of Seattle, Washington, is the prime contractor for this proposed sale.

Initially, approximately 480 U.S. contractor personnel will be required in Saudi Arabia in support of this proposed sale to provide logistics support and maintenance training. Approximately 30 U.S. Government personnel will also be required to provide contract oversight and operator training. Although it is expected that the number of contractor personnel will decrease as the RSAF becomes trained to perform maintenance, some U.S. contractor maintenance will be required in-country for the life of the system.

This proposed sale has no impact on U.S. defense readiness as the E-3A will come from new production.

[Transmittal No. 81-CQ]

ADVANCE NOTIFICATION OF POSSIBLE SECTION 36(b) STATEMENTS—FOREIGN MILITARY SALES

- a. Prospective purchaser: Saudi Arabia.
- b. Description and quantity or quantities of articles or services under consideration for purchase: One hundred and one ship sets (202 tanks) of conformal fuel tanks (CFTs) for the Royal Saudi Arabia Air Force (RSAF) F-15 aircraft. The CFTs are streamlined fuel tanks, two per aircraft, which affix to the sides of the F-15 fuselage. The sale would include spare parts, support equipment, training equipment, publications, and other related support for the CFTs.
- c. Estimated value(s) of this case: \$110 million.
- d. Description of total program of which this case is a part: CFTs provide an additional equipment capability to the RSAF F-15 (Peace Sun) program. Included in the Peace Sun program are the purchase of 62 F-15 aircraft, spares, support equipment, flight simulators, basic munitions (AIM-9P-3 and AIM-7F air-to-air missiles), technical data, U.S. technical and pilot training, and construction of technical facilities. Also included are 42 months of in-country contractor maintenance, training, and logistics support. An additional sale of AIM-9L Sidewinder air-to-air missiles is also being proposed under the Peace Sun program.
- e. Estimated value of total program of which this case is a part: \$5 billion.
- f. Prior related cases, if any: (1) FMS Case SFA (Peace Sun I): 60 F-15 aircraft, spares, support equipment, training devices, and air-to-air munitions. Case value \$1.6 billion, accepted by Saudi Arabian Government (SAG) 13 July 1978.

(a) SFA Amendment 1: Additional logistics support. Case value \$426 million, accepted by SAG 14 September 1979.

(b) SFA Amendment 2: Additional logistics support. Case value \$534 million, accepted by SAG 24 February 1981.

(c) SFA Amendment 3: Additional engines. Cash value \$70 million; incorporated into Amendment 2.

(2) YBM (Peace Sun II): In-country construction for F-15 facilities. Case value \$879 million, accepted by SAG 10 February 1980.

(3) YBA (Peace Sun III): Contractor technical support services and training for

in-country support of the RSAF F-15s. Case value \$964 million, accepted by SAG 7 June 1980.

(4) TDA (Peace Sun IV): Conus F-15 training for RSAF pilots and maintenance personnel. Case value \$15.4 million, accepted by SAG 15 February 1980.

(5) SGK (Peace Sun V): Two replacement F-15C aircraft to be stored in CONUS as replacements for any of the original 60 RSAF F-15s that may be lost. Case value \$48.5 million, accepted by SAG 25 November 1980.

g. Military department: Air Force (SFA, Amendment No. 4).

h. Estimated date letter of offer/acceptance (LOA) ready for formal notification to Congress: September 1981.

i. Date advance notification delivered to Congress: August 24, 1981.

POLICY JUSTIFICATION

Saudi Arabia—Conformal fuel tanks for F-15 aircraft:

The Government of Saudi Arabia has requested the amendment of FMS case SFA, under which 60 F-15 aircraft are being provided to the Royal Saudi Air Force (RSAF). This amendment will include 101 ship sets (202 tanks) of conformal fuel tanks (CFTs) and related spare parts, support equipment, training equipment, publications, and other support at an estimated cost of \$110 million.

This sale will contribute significantly to U.S. foreign policy and national security objectives by helping to increase the security of a friendly country of vital interest to the United States. By enhancing Saudi Arabia's ability to intercept hostile aircraft, the sale will reduce the probability of major power confrontation in the region. In addition to enhancing the overall Western security posture in the Persian Gulf region, the sale will increase regional stability by improving Saudi Arabia's air defense capabilities. In these ways, it will help ensure continued Western access to vital Persian Gulf oil.

Recent military developments (the Iraq-Iran War and the Soviet invasion of Afghanistan) have created a new situation in the region which requires the enhancement of the RSAF F-15 capabilities, particularly in providing the aircraft with more endurance to improve the Saudi air defense capability. The Kingdom is a relatively large geographical area, and CFTs would enable the Saudis to fly sorties from bases other than those directly under attack. The CFTs will increase the time aloft of each F-15 flight, and given the relatively small number of aircraft, this is an important factor in defending the Kingdom.

The introduction of CFTs in Saudi Arabia will not affect the regional military balance. Israel has equipped its F-15s with CFTs.

The prime contractor will be the McDonnell Douglas Corporation of St. Louis, Missouri, which is the aircraft manufacturer for F-15s.

No additional U.S. Government or contractor personnel will be required in Saudi Arabia to implement this sale. Sufficient fuel specialists will be in-country under existing contracts to provide support for the CFTs.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale. The production rate for the USAF is low enough to allow phase-in of another customer to procure CFTs concurrently.

[Transmittal No. 81-CT]

ADVANCE NOTIFICATION OF POSSIBLE SECTION 36(b) STATEMENTS FOREIGN MILITARY SALES

- a. Prospective purchaser: Saudi Arabia.
- b. Description and quantity or quantities of articles or services under consideration for purchase: A quantity of 1,177 AIM-9L SIDEWINDER air-to-air missiles with related spare parts and special test and support equipment.

c. Estimated value(s) of this case: \$200 million.

d. Description of total program of which this case is a part: This sale will become a part of the overall PEACE SUN program which was for the sale to Saudi Arabia of 62 F-15 aircraft with spares, support equipment, flight simulators, air-to-air missiles (AIM-9P-3 and AIM-7F), technical data, training in the CONUS of Saudi maintenance technicians and aircrews, and the construction of technical support facilities. Also included in the overall program are 42 months of contractor maintenance, training, and logistics support in Saudi Arabia.

e. Estimated value of total program of which this case is a part: \$5 billion.

f. Prior related cases, if any: (1) FMS Case SFA (Peace Sun I): 60 F-15 aircraft, spares, support equipment, training devices, and air-to-air missiles. Case value \$1.6 billion, accepted by Saudi Arabian Government (SAG) 13 July 1978.

(a) SFA, Amendment 1: Additional logistics support to the Royal Saudi Air Force (RSAF) F-15 program. Amendment value: \$426 million; accepted by SAG 14 September 1979.

(b) SFA, Amendment 2: Additional logistics support to the RSAF F-15 program, including funding for the retrofit of RSAF AIM-7F missiles to include Product Optimization Program (POP) improvements. Amendment value: \$534 million; accepted by SAG 24 February 1981.

(c) SFA, Amendment 3: Spare engines for RSAF F-15s. Amendment value: \$70 million; cancelled as it was incorporated into Amendment 2.

(2) YBM (Peace Sun II): Construction of F-15 support facilities in Saudi Arabia. Case value: \$879 million; accepted by SAG 10 February 1980.

(3) YBA (Peace Sun III): Contractor technical support services and training for in-country support of the RSAF F-15s. Case value: \$964 million; accepted by SAG 7 June 1980.

(4) TDA (Peace Sun IV): Training of RSAF F-15 aircrews and maintenance personnel in the CONUS. Case value: \$15.4 million; accepted by SAG 15 February 1980.

(5) SGK (Peace Sun V): Two additional F-15C aircraft to be stored in CONUS as replacements for any of the original 60 RSAF F-15s that may be lost. Case value: \$48.5 million; accepted by SAG 25 November 1980.

g. Military department: Air Force (SFA, Amendment No. 5).

h. Estimated date letter of offer/acceptance (LOA) ready for formal notification to Congress: September 1981.

i. Date advance notification delivered to Congress: August 24, 1981.

POLICY JUSTIFICATION

Saudi Arabia—AIM-9L Sidewinder Missiles:

The Government of Saudi Arabia has requested the purchase of 1,177 AIM-9L Sidewinder air-to-air missiles for use on Royal Saudi Air Force (RSAF) F-15 aircraft together with related spare parts and special test and support equipment at an estimated cost of \$200 million.

This sale will contribute significantly to U.S. foreign policy and national security objectives by helping to increase the security of a friendly country of vital interest to the United States. By enhancing Saudi Arabia's ability to intercept hostile aircraft, the sale will reduce the probability of major power confrontation in the region. In addition to enhancing the overall Western security posture in the Persian Gulf region, the sale will increase regional stability by improving Saudi Arabia's air defense capabilities. In these ways, it will help ensure continued Western access to vital Persian Gulf oil.

Recent military developments in the Middle East (the Iran-Iraq war and the Soviet invasion of Afghanistan) have increased the potential for hostile action against Saudi Arabia. This changed situation requires enhancement of RSAF F-15 capabilities, including its capabilities for short range air-to-air defense. The acquisition of AIM-9L by Saudi Arabia will not upset the regional balance. Israel has also purchased the AIM-9L missile.

Saudi Arabia needs the AIM-9L missile because of a legitimate requirement for RSAF F-15s to be able to intercept high speed hostile aircraft which could threaten the oil fields with minimum warning. The missile has the capability of a head-on attack against hostile aircraft, which obviates the need for Saudi interceptors to lose vital time in maneuvering into a rear attack position as required by the AIM-9P missiles currently in the RSAF inventory. Therefore, the AIM-9L significantly enhances the capability of the RSAF to intercept and destroy attacking aircraft before they can damage vital resources. RSAF personnel will be able to absorb this missile into the inventory both from the operational and maintenance perspectives, as they have already demonstrated capabilities to operate and maintain earlier AIM-9 series missiles.

The AIM-9L proposed for sale will come from U.S. inventory on a one-for-one exchange basis as the new version AIM-9M missiles are delivered from new production. The prime contractor for the AIM-9M missile is Raytheon Company of Lowell, Massachusetts.

It is estimated that approximately nine additional munitions support U.S. contractor personnel will be required for a period of about three years, due to the increased size of the overall RSAF air-to-air missile inventory.

As noted, the AIM-9L missiles will be provided from U.S. inventory, and an equal number of AIM-9M missiles will be produced using funds from this FMS case to replace them. Under these circumstances, no adverse impact is anticipated on U.S. readiness.

[Transmittal No. 81-CV]

ADVANCE NOTIFICATION OF POSSIBLE SECTION 36(b) STATEMENTS FOREIGN MILITARY SALES

a. Prospective purchaser: Saudi Arabia.

b. Description and quantity or quantities of articles or services under consideration for purchase: Eight Boeing 707 aerial refueling aircraft, including an initial purchase of six aircraft and an option to purchase two additional aircraft; three years supply of spares and support equipment; three years of contractor maintenance, training, and logistics support in Saudi Arabia; and CONUS training provided by USAF and/or the contractor.

c. Estimated value(s) of this case: \$2.4 billion.

d. Description of total program of which this case is a part: Same as b above.

e. Estimated value of total program of which this case is a part: Same as c above.

f. Prior related cases, if any: None.

g. Military department: Air Force (SKA).

h. Estimated date letter of offer/acceptance (LOA) ready for formal notification to Congress: September 1981.

i. Date advance notification delivered to Congress: August 24, 1981.

POLICY JUSTIFICATION

Saudi Arabia—Aerial refueling aircraft:

The Government of Saudi Arabia has requested the purchase of up to eight Boeing 707 aerial refueling aircraft, including an initial purchase of six aircraft and an option to purchase two additional aircraft; three years supply of spares and support equipment; three years of contractor maintenance, training and logistics support in Saudi Ara-

bia; and CONUS training provided by USAF and/or the contractor at an estimated cost of \$2.4 billion.

This sale will contribute significantly to U.S. foreign policy and national security objectives by helping to increase the security of a friendly country of vital interest to the United States. By enhancing Saudi Arabia's ability to intercept hostile aircraft, the sale will reduce the probability of major power confrontation in the region. In addition to enhancing the overall Western security posture in the Persian Gulf region, the sale will increase regional stability by improving Saudi Arabia's air defense capabilities. In these ways, it will help ensure continued Western access to vital Persian Gulf oil.

The purchase of the aerial refueling aircraft will enhance the Saudi air defense capability by increasing the range and time aloft of the Saudi F-15 aircraft. In view of the size of the country, the few bases at which the F-15 aircraft will be located, and the increased regional threat, the capability to prolong the endurance of interceptor aircraft is essential to the defense of the Kingdom. These same aerial tankers can be used to refuel the E-3A aircraft also requested by Saudi Arabia and the F-5 aircraft already in their inventory, likewise extending their time aloft.

The sale of this equipment and support will not affect the basic military balance in the region. Saudi Arabia already has KC-130 aircraft for refueling its F-5s. Both Israel and Iran have aerial refueling capabilities.

Approximately 320 contractor personnel will be required to provide initial in-country support. The contract will be for support for three years. Follow-on contractor support beyond the initial contract period is expected to be needed for an extended period but the number of U.S. contractors should decrease as the Royal Saudi Air Force becomes trained to perform maintenance.

The prime contractor will be the Boeing Aerospace Company of Seattle, Washington.

There will be no adverse impact on U.S. defense readiness as a result of this sale. Procurement will be from new production.

PROPOSED ARMS SALES

● Mr. PERCY. Mr. President, section 36 (b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of \$25 million or, in the case of major defense equipment as defined in the act, those in excess of \$7 million. Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulated that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

In keeping with the committee's intention to see that such information is available to the full Senate, I ask to have printed in the Record at this point the notifications which have been received. The classified annexes referred to in several of the covering letters are available to Senators in the office of the Foreign Relations Committee, room 4229, Dirksen Building.

The notifications follow:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., August 21, 1981.

HON. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding

herewith Transmittal No. 81-82 and under separate cover the classified annex thereto. This Transmittal concerns the Department of the Army's proposed Letter of Offer to Norway for defense articles and services estimated to cost \$550 million. Shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

Sincerely,

ERICH F. VON MARBOD,
Director.

[Transmittal No. 81-82]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

- (i) Prospective Purchaser: Norway.
(ii) Total Estimated Value:

	Millions
Major defense equipment*	\$450
Other	100
Total	550

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Thirty-two ROLAND II fire units, 782 ROLAND guided missiles, 5 M88A1 ROLAND II recovery vehicles, and 32 XM975 carriers.

(iv) Military Department: Army (VDT).
(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: See Annex under separate cover.

(vii) Section 28 Report: Included in report for quarter ending 30 June 1981.

(viii) Date Report Delivered to Congress: August 21, 1981.

POLICY JUSTIFICATION

NORWAY—ROLAND II FIRE UNITS

The Government of Norway has requested the purchase of 32 ROLAND II fire units, 782 ROLAND guided missiles, 5 M88A1 ROLAND II recovery vehicles, and 32 XM975 carriers at an estimated cost of \$550 million.

This sale will contribute to the foreign policy and national security objectives of the United States by improving the military capabilities of Norway; furthering NATO rationalization, standardization, and interoperability; and enhancing the defenses of the Western Alliance.

The Government of Norway has a requirement for this weapon system in order to provide for point defense of high value targets and to enhance its capability to defend its air space. Norway will have no difficulty in absorbing this weapon system.

The sale of this equipment and support will not affect the basic military balance in the region.

The prime contractors will be the Hughes Aircraft Company of Canoga Park, California, and Boeing Aerospace Company of Seattle, Washington.

Implementation of this sale will not require the assignment of any additional U.S. Government or contractor personnel to Norway.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

DEFENSE SECURITY
ASSISTANCE AGENCY,

Washington, D.C., August 24, 1981.

HON. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-86, concerning the Department of the Air Force's proposed

Letter of Offer to Australia for defense articles and services estimated to cost \$34 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Director.

[Transmittal No. 81-86]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

- (i) Prospective Purchaser: Australia.
(ii) Total Estimated Value:

	Millions
Major defense equipment*	\$0
Other	34
Total	34

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Cooperative logistics supply support for spare parts in support of major items of equipment of U.S. origin already delivered to and being operated by the Royal Australian Air Force.

(iv) Military Department: Air Force (KBG).

(v) Sales Commission, Fee, Etc. Paid, Offered or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: None.

(vii) Section 28 Report: Included in report for quarter ending June 30, 1981.

(viii) Date Report Delivered to Congress: August 24, 1981.

POLICY JUSTIFICATION

AUSTRALIA—COOPERATIVE LOGISTICS SUPPLY SUPPORT

The Government of Australia has requested the purchase of cooperative logistics supply support for spare parts in support of major items of equipment of U.S. origin already delivered to and being operated by the Royal Australian Air Force at an estimated cost of \$34 million.

As an ally under the ANZUS treaty, Australia plays a major role in assuring the stability of Southeast Asia and the South Pacific and is strategically located with respect to the Indian Ocean as well as the South Pacific. Therefore, the United States has cooperated in improving Australia's military capability through foreign military sales, logistics agreements, and combined exercises.

Spare and repair parts which will be furnished under this case will support F-111C, C-130, and C-7 aircraft and other systems of U.S. origin under the cognizance of the U.S. Air Force. Such support will assure the continued mission readiness of Australian forces.

The sale of this equipment and support will not affect the basic military balance in the region.

Procurement of these items and services will be from the many contractors providing similar items and services to the U.S. forces.

Implementation of this sale will not require the assignment of any additional U.S. Government or contractor personnel to Australia.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

DEFENSE SECURITY

ASSISTANCE AGENCY,
Washington, D.C., August 24, 1981.

HON. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are for-

warding herewith Transmittal No. 81-88, concerning the Department of the Air Force's proposed Letter of Offer to the Federal Republic of Germany for defense articles and services estimated to cost \$32 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Director.

[Transmittal No. 81-88]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

- (i) Prospective Purchaser: Germany.
(ii) Total Estimated Value:

	Millions
Major defense equipment*	\$0
Other	32
Total	32

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Cooperative logistics supply support arrangement, requisition case (FMSO II), for follow-on spares and supplies in support of aircraft and other systems and subsystems of U.S. origin.

(iv) Military Department: Air Force (KBU and KBV).

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: None.

(vii) Section 28 Report: Included in report for quarter ending June 30, 1981.

(viii) Date Report Delivered to Congress: August 24, 1981.

POLICY JUSTIFICATION

FEDERAL REPUBLIC OF GERMANY—COOPERATIVE LOGISTICS SUPPLY SUPPORT ARRANGEMENTS

The Government of the Federal Republic of Germany (FRG) has requested the purchase of a cooperative logistics supply support arrangement, requisition case (FMSO II), for follow-on spares and supplies to support aircraft and other systems and subsystems of U.S. origin at an estimated value of \$32 million.

This sale will contribute to the foreign policy and national security objectives of the United States by improving the military capabilities of the FRG; furthering NATO rationalization, standardization, and interoperability; and enhancing the defenses of the Western Alliance.

This cooperative logistics support arrangement is necessary to ensure an uninterrupted flow of spare parts to support 250 F-4 aircraft and other systems and subsystems of U.S. origin. The German Air Force will have no difficulty in absorbing the articles.

The sale of this equipment and support will not affect the basic military balance in the region.

Procurement of these items and services will be from the many contractors providing similar items and services to the U.S. forces.

This proposed sale will not require the assignment of any additional U.S. Government or contractor personnel to the FRG to carry out this sale.

There will be no adverse impact of U.S. defense readiness as a result of this sale.

DEFENSE SECURITY
ASSISTANCE AGENCY,

Washington, D.C., August 24, 1981.

HON. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the

Arms Export Control Act, we are forwarding herewith Transmittal No. 81-94, concerning the Department of the Navy's proposed Letter of Offer to France for defense articles and services estimated to cost \$12 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Director.

[Transmittal No. 81-94]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

- (i) Prospective Purchaser: France.
(ii) Total Estimated Value:

	Millions
Major Defense Equipment*-----	\$11
Other -----	1
Total -----	12

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Ninety-three MK-46 Mod 2 torpedoes, two years of spare parts support, and helicopter launch accessories.

(iv) Military Department: Navy (LCB and BKZ).

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: None.

(vii) Section 28 Report: Included in report for quarter ending 30 June 1981.

(viii) Date Report Delivered to Congress: August 24, 1981.

POLICY JUSTIFICATION

FRANCE—MK-46 MOD 2 TORPEDOES

The Government of France has requested the purchase of 93 MK-46 Mod 2 torpedoes, two years of spare parts support, and helicopter launch accessories at an estimated cost of \$12 million.

This sale will contribute to the foreign policy and security objectives of the United States by improving the defensive capabilities of an ally. Although French forces are not now committed to NATO command, France nevertheless bases its defense on co-operation and interoperability with NATO. The French Navy operates frequently with the U.S. Navy and has much equipment of U.S. origin.

The MK-46 Mod 2 torpedoes presently in the French inventory are aging. This purchase would allow them to increase the number of torpedoes they have on hand and give them greater flexibility in the time schedule to refurbish their older ones. Additionally, the Government of France is anticipating the purchase of modification kits to upgrade their torpedoes to the Mod 5 configuration. This purchase would allow them to upgrade newer torpedoes should they desire.

The sale of this equipment and support will not affect the basic military balance in the region.

The prime contractor will be Honeywell Incorporated of Minneapolis, Minnesota.

Implementation of this sale will not require the assignment of any additional U.S. Government or contractor personnel to France.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

DEFENSE SECURITY

ASSISTANCE AGENCY,

Washington, D.C., Sept. 1, 1981.

HON. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding

herewith Transmittal No. 81-95 and under separate cover the classified annex thereto. This Transmittal concerns the Department of the Navy's proposed Letter of Offer to the NATO Seasprow Consortium (N-3) for Belgium, Denmark, Germany, Norway and the Netherlands for defense articles and services estimated to cost \$240 million. Shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

Sincerely,

ERICH F. VON MARBOD,
Director.

[Transmittal No. 81-95]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

- (i) Prospective Purchaser: NATO Seasprow Consortium (N-3) for Belgium, Denmark, Germany, Norway, and the Netherlands.
(ii) Total Estimated Value:

	Millions
Major defense equipment*-----	\$210
Other -----	30
Total -----	240

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: One thousand RIM-7M SEASPARROW missiles and associated support.

(iv) Military Department: Navy (AAH).

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: See Annex under separate cover.

(vii) Section 28 Report: Included in report for quarter ending June 30, 1981.

(viii) Date Report Delivered to Congress: Sept. 1, 1981.

POLICY JUSTIFICATION

NATO SEASPARROW CONSORTIUM—RIM-7M MISSILES

The NATO Seasprow Consortium for Belgium, Denmark, Germany, Norway, and the Netherlands has requested the purchase of 1,000 RIM-7M SEASPARROW Missiles and associated support at an estimated cost of \$240 million.

This sale will contribute to the foreign policy and national security objectives of the United States by improving the military capabilities of NATO; furthering NATO rationalization, standardization, and interoperability; and enhancing the defenses of the Western Alliance.

These missiles are being purchased to improve existing short range, sea-based surface-to-air missile capabilities. NATO members of the Seasprow Consortium already have similar missiles in their inventories, and the training and maintenance facilities to support these missiles.

The sale of this equipment and support will not affect the basic military balance in the region.

The prime contractor will be the Raytheon Company of Lowell, Massachusetts.

Implementation of this sale will not require the assignment of any additional U.S. Government or contractor personnel to the NATO countries.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

DEFENSE SECURITY

ASSISTANCE AGENCY,

Washington, D.C., September 10, 1981.

HON. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the

Arms Export Control Act, we are forwarding herewith Transmittal No. 81-98 and under separate cover the classified annex thereto. This Transmittal concerns the Department of the Army's proposed Letter of Offer to Jordan for defense articles and services estimated to cost \$105 million. Shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

Sincerely,

ERICH F. VON MARBOD,
Director.

[Transmittal No. 81-98]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

- (i) Prospective Purchaser: Jordan.
(ii) Total Estimated Value:

	Millions
Major defense equipment*-----	\$63
Other -----	42
Total -----	105

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Fifty thousand hand grenades, 58,000 rounds of 155mm and 8-inch howitzer ammunition, 20,000 rounds of 105mm main gun tank ammunition, and 7,500,000 rounds of 20mm, 7.62mm, and .50 caliber ammunition.

(iv) Military Department: Army (VDC).

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: See Annex under separate cover.

(vii) Section 28 Report: Case not included in Section 28 report.

(viii) Date Report Delivered to Congress: September 10, 1981.

POLICY JUSTIFICATION

JORDAN—AMMUNITION

The Government of Jordan (GOJ) has requested the purchase of 50,000 hand grenades, 58,000 rounds of 155mm and 8-inch howitzer ammunition, 20,000 rounds of 105mm main gun tank ammunition, and 7,500,000 rounds of 20mm, 7.62mm, and .50 caliber ammunition at an estimated cost of \$105 million.

The sale will further U.S. foreign policy objectives by assisting a friendly country to deter hostilities and defend itself in a region where it is vital to U.S. interests to reduce the probability of open conflict and to promote peace and stability. The sale will assist the GOJ in meeting its legitimate defense requirements and reaffirm to the Jordanian military and political leadership that the United States is responsive to the priority modernization objectives of the Jordanian Armed Forces. This modernization effort is consistent with U.S. views on Jordanian security needs, the regional military balance, and long-range peace and stability in the region.

This ammunition is compatible with U.S. weapons already provided to Jordan and, as such, does not introduce a new weapons capability into the region. This request for ammunition will enable Jordan to replace ammunition expended during training, as well as fill basic load and war reserve stockpiles.

This sale will not affect the basic military balance in the region.

The several types of ammunition will be procured from various contractors and government owned-contractor operated plants throughout the United States.

Implementation of this sale will not require the assignment of any additional U.S. Government or contractor personnel to Jordan.

There will be no adverse impact on U.S. defense readiness as a result of the sale of the hand grenades, 20mm, 7.62mm, or .50 caliber ammunition. As concerns the 8-inch, 155mm, and 105mm ammunition, the Department of the Army has no current procurement approval and thus there is no impact. Should the Department of the Army receive procurement authority for the 8-inch, 155mm, and 105mm ammunition it could result in delays of two months to one year in deliveries that would otherwise become available at that time.

DEFENSE SECURITY
ASSISTANCE AGENCY,

Washington, D.C., September 10, 1981.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-80, concerning the Department of the Army's proposed Letter of Offer to Turkey for defense articles and services estimated to cost \$131 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

You will also find attached a certification as required by Section 620C(d) of the Foreign Assistance Act of 1961, as amended, that this action is consistent with Section 620C(b) of that statute.

Sincerely,

ERICH F. VON MARBOD,
Director.

[Transmittal No. 81-80]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF
OFFER PURSUANT TO SECTION 36(b) OF THE
ARMS EXPORT CONTROL ACT

- (i) Prospective Purchaser: Turkey.
- (ii) Total Estimated Value:

	Millions
Major defense equipment*	\$0
Other	131
Total	131

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Three hundred forty-eight M48A5 tank conversion kits.

(iv) Military Department: Army (UNC and UND).

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: None.

(vii) Section 28 Report: Included in report for quarter ending 30 June 1981.

(viii) Date Report Delivered to Congress: September 10, 1981.

POLICY JUSTIFICATION

TURKEY—M48A5 CONVERSION KITS

The Government of Turkey has requested the purchase of 348 conversion kits to convert M48A1 tanks to the M48A5 configuration at an estimated cost of \$131 million.

This sale will contribute to the foreign policy and national security objectives of the United States by improving the military capabilities of Turkey in fulfillment of its NATO obligations; furthering NATO rationalization, standardization, and interoperability; and enhancing the defense of the Western Alliance.

The Government of Turkey needs these conversion kits to continue to upgrade its Korean War vintage M48 series tanks. Turkey will have no difficulty in absorbing and maintaining the converted tanks as the tanks, parts, tools, and test equipment are already in the inventory and trained personnel are available. This sale will enable the

Turkish Army to increase its military capability. The tank conversion kits will be provided in accordance with and subject to the limitation on use and transfer provided for under the Arms Export Control Act, as embodied in the terms of sale. This sale will not adversely affect either the military balance in the region or U.S. efforts to encourage a negotiated settlement of the Cyprus question.

The prime contractor will be the Chrysler Defense Corporation of Warren, Michigan.

Implementation of this sale will not require the assignment of any additional U.S. Government or contractor personnel to Turkey.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

UNDER SECRETARY OF STATE
FOR SECURITY ASSISTANCE,
SCIENCE AND TECHNOLOGY,
Washington, July 19, 1981.

Pursuant to section 620C(d) of the Foreign Assistance Act of 1961, as amended (the Act), and the authority vested in me by Department of State Delegation of Authority No. 145, I hereby certify that the provision of tank conversion kits to the Government of Turkey is consistent with the principles contained in section 620C(b) of the Act.

This certification will be made part of the certification of the Congress under section 36(b) of the Arms Export Control Act regarding the proposed sale of the above-named articles and is based on the justification accompanying said certification, and of which such justification constitutes a full explanation.

JAMES L. BUCKLEY.

DEFENSE SECURITY
ASSISTANCE AGENCY,

Washington, D.C., September 10, 1981.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-81 and under separate cover the classified annex thereto. This Transmittal concerns the Department of the Army's proposed Letter of Offer to Egypt for defense articles and services estimated to cost \$20 million. Shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

Sincerely,

ERICH F. VON MARBOD,
Director.

[Transmittal No. 81-81]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF
OFFER PURSUANT TO SECTION 36(b) OF THE ARMS
EXPORT CONTROL ACT

- (i) Prospective Purchaser: Egypt.
- (ii) Total Estimated Value:

	Millions
Major defense equipment*	\$19
Other	1
Total	20

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered:

(iv) Military Department: Army (UDJ).

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: See Annex under separate cover.

(vii) Section 28 Report: Included in report for quarter ending June 30, 1981.

(viii) Date Report Delivered to Congress: September 10, 1981.

POLICY JUSTIFICATION

EGYPT—IMPROVED TOW MISSILES

The Government of Egypt has requested the purchase of 2010 I-TOW surface attack guided missiles and support equipment at an estimated cost of \$20 million.

This proposed sale will contribute to the foreign policy objectives of the United States by enabling Egypt to provide for its own security and self-defense, thereby contributing to the peace process in the region.

The Government of Egypt will use the I-TOW to replace aging equipment rapidly becoming unserviceable due to the nonavailability of spare parts. Previously, the bulk of the Egyptian armament was provided by the Soviet Union, but Egypt has turned to the West for defense articles and services.

Because these I-TOW missiles will replace obsolescent or unserviceable equipment already in the Egyptian inventory, the sale will not affect the military balance in the region.

The prime contractor will be the Hughes Aircraft Company of Canoga Park, California.

Implementation of this sale will not require the assignment of any additional U.S. Government or contractor personnel to Egypt.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

DEFENSE SECURITY
ASSISTANCE AGENCY,

Washington, D.C., September 10, 1981.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-84 and under separate cover the classified annex thereto. This Transmittal concerns the Department of the Army's proposed Letter of Offer to the United Arab Emirates for defense articles and services estimated to cost \$28 million. Shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

Sincerely,

ERICH F. VON MARBOD,
Director.

[Transmittal No. 81-84]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF
OFFER PURSUANT TO SECTION 36(b) OF THE
ARMS EXPORT CONTROL ACT

- (i) Prospective Purchaser: United Arab Emirates.
- (ii) Total Estimated Value:

	Millions
Major defense equipment*	\$17
Other	11
Total	28

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Fifty-four jeep-mounted TOW launchers, 1085 Improved-TOW (HEAT) missiles, 101 practice missiles, supporting equipment, associated spares, repair parts, field engineering services, and training.

(iv) Military Department: Army (UBG, OBB, and OBC).

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid:

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: See Annex under separate cover.

(vii) Section 28 Report: Included in report for quarter ending June 30, 1981.

(viii) Date Report Delivered to Congress: September 10, 1981.

POLICY JUSTIFICATION

UNITED ARAB EMIRATES—TOW LAUNCHERS AND MISSILES

The Government of the United Arab Emirates (UAE) has requested the purchase of 54 jeep-mounted TOW launchers, 1085 Improved-TOW (HEAT) missiles, 101 practice missiles, supporting equipment, associated spares, repair parts, field engineering services, and training at an estimated cost of \$28 million.

This sale will contribute to the foreign policy and national security objectives of the United States by enhancing the ability of the UAE to provide for its own defense. A strong and independent UAE, that is able to defend itself, contributes to the stability of the Middle East.

The addition of the TOW anti-armor missile system will enhance the UAE's ability to respond to armor threats with organic ground defense forces.

This sale will not have an adverse impact on the regional military balance. The TOW or similar anti-tank missile systems are currently fielded in the majority of the countries in the region.

The prime contractors are Hughes Aircraft Company of Canoga Park, California, and Emerson Electric Company of St. Louis, Missouri.

This sale will require approximately eight U.S. Government personnel in-country for about two months upon delivery of the weapon system.

There will be no adverse impact on U.S. defense readiness as a result of this sale as the system will come from new production.

DEFENSE SECURITY ASSISTANCE AGENCY,

Washington, D.C., September 10, 1981.

HON. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-87, concerning the Department of the Army's proposed Letter of Offer to Indonesia for defense articles and services estimated to cost \$16 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Director.

[Transmittal No. 81-87]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective Purchaser: Indonesia.
(ii) Total Estimated Value:

Major defense equipment*	Millions	\$14
Other		2
Total		\$16

* As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: One hundred thirty-three M101A1 105mm howitzers with related training and support items.

(iv) Military Department: Army (UCH).

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: None.

(vii) Section 28 Report: Included in report for quarter ending June 30, 1981.

(viii) Date Report Delivered to Congress: September 10, 1981.

POLICY JUSTIFICATION

INDONESIA—105MM HOWITZERS

The Government of Indonesia has requested the purchase of 133 M101A1 105mm howitzers with related training and support items at an estimated cost of \$16 million.

This sale will contribute to the foreign policy objectives of the United States by helping to improve the security of a friendly and strategically important country in Southeast Asia.

The Government of Indonesia is upgrading its artillery forces. These howitzers will be used to equip 10 operational and one training battalion as the primary field artillery of the Indonesian Army. They will replace obsolete Soviet bloc 76mm howitzers.

The sale of this equipment and support will not affect the basic military balance in the region.

The prime contractor will be the U.S. Army.

Implementation of this sale will require the assignment of a U.S. Army site survey team to Indonesia for a few weeks to identify training and support requirements.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

DEFENSE SECURITY ASSISTANCE AGENCY,

Washington, D.C., September 10, 1981.

HON. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-89, concerning the Department of the Navy's proposed Letter of Offer to Saudi Arabia for defense articles and services estimated to cost \$180 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Director.

[Transmittal No. 81-89]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective Purchaser: Saudi Arabia.
(ii) Total Estimated Value:

Major defense equipment*	Millions	\$0
Other		180
Total		180

* As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: This case amendment is for the purchase of the services and materials required to complete the development, installation, and check-out of the Royal Saudi Naval Forces (RSNF) Command, Control, and Communications (C³) system; procurement and installation of a microwave interconnect system between the RSNF communications stations of Jidda and Jubail; spare parts, support equipment, training, and contractor maintenance services for the C³ system and the microwave interconnect system; and the completion of the RSNF communications stations at Jidda, Jubail, and Riyadh.

(iv) Military Department: Navy (LAH, Amendment 5).

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold:

(vii) Section 28 Report: Included in report for quarter ending June 30, 1981.

(viii) Date Report Delivered to Congress: September 10, 1981.

POLICY JUSTIFICATION

SAUDI ARABIA—COMMAND, CONTROL, AND COMMUNICATIONS SYSTEM

The Government of Saudi Arabia has requested amendment of an existing Foreign Military Sales agreement for the purchase of the services and materials required to complete the development, installation, and check-out of the Royal Saudi Naval Forces (RSNF) Command, Control, and Communications (C³) system; installation of a microwave interconnect system between the RSNF communications stations at Jidda and Jubail; spare parts, support equipment, training, and contractor maintenance services for the C³ system and the microwave interconnect system; and the completion of the RSNF communications stations at Jidda, Jubail, and Riyadh at an estimated cost of \$180 million.

This sale is consistent with the stated U.S. policy of assisting friendly nations to provide for their own defense by allowing the transfer of reasonable amounts of defense articles and services. It will demonstrate the continuing willingness of the United States to support the Saudi Arabian effort to improve the security of the country through modernization of Saudi naval forces. In a regional context, enhancement of the defensive capabilities of Saudi Arabia will also contribute to overall Middle East security.

Saudi Arabia is in the process of enlarging and improving its naval assets through the Saudi Naval Expansion Program (SNEP) with the United States. The SNEP includes the purchase of 29 ships and craft, shore facilities, equipment, logistical support, and training. This sale will provide for completion of the shore-based communications system and the U.S. designed C³ system which are essential for the effective operation and control of Saudi naval forces. This sale will not introduce a new military capability into the region since neighboring countries have C³ systems with similar capabilities.

The sale of this equipment and support will not affect the basic military balance in the region.

The prime contractors will be Science Applications, Incorporated of McLean, Virginia, and Page Communications Engineers, Incorporated of Vienna, Virginia.

Implementation of this sale will require the assignment of 30 to 50 additional U.S. Government or contractor personnel to Saudi Arabia.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

DEFENSE SECURITY ASSISTANCE AGENCY,

Washington, D.C., September 10, 1981.

HON. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-90, concerning the Department of the Navy's proposed Letter of Offer to Saudi Arabia for defense articles and services estimated to cost \$1.3 billion. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Director.

[Transmittal No. 81-90]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective Purchaser: Saudi Arabia.
(ii) Total Estimated Value:

	Billions
Major defense equipment*	\$0.0
Other	1.3
Total	\$1.3

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: This case amendment is for the purchase of two additional years of contractor and U.S. Navy provided services in the United States for post delivery support of four Patrol Chaser Missile (PCG) ships and nine missile equipped Patrol Gunboats (PGG) purchased by the Royal Saudi Naval Forces (RSNF) under previous Foreign Military Sales agreements, two additional years of contractor provided operations and maintenance support of RSNF shore facilities in Saudi Arabia, and associated U.S. Navy management support.

(iv) Military Department: Navy (GAS, Amendment No. 4).

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: None.

(vii) Section 28 Report: Included in report for quarter ending June 30, 1981.

(viii) Date Report Delivered to Congress: September 10, 1981.

POLICY JUSTIFICATION

SAUDI ARABIA—CONTINUATION OF SUPPORT SERVICES FOR THE SAUDI NAVAL EXPANSION PROGRAM

The Government of Saudi Arabia has requested amendment of an existing foreign Military Sales (FMS) agreement for the purchase of two additional years of contractor and U.S. Navy provided services in the United States for post delivery support of four Patrol Chaser Missile (PCG) ships and nine missile equipped Patrol Gunboats (PGG) purchased by the Royal Saudi Naval Forces (RSNF) under previous FMS agreements, two additional years of contractor provided operations and maintenance support of RSNF shore facilities in Saudi Arabia, and associated U.S. Navy management support at an estimated cost of \$1.3 billion.

This sale is consistent with the stated U.S. policy of assisting friendly nations to provide for their own defense by allowing the transfer of reasonable amounts of defense articles and services. It will demonstrate the continuing willingness of the United States to support the Saudi Arabian effort to improve the security of the country through modernization of Saudi naval forces. In a regional context, enhancement of the defensive capabilities of Saudi Arabia will also contribute to overall Middle East security.

The United States is assisting the RSNF to enlarge and modernize its forces through the Saudi Naval Expansion Program (SNEP). The SNEP includes the procurement of 29 ships and craft, shore facilities, equipment, logistical support, and training. The services to be provided under this sale will not introduce a new military capability into the region.

The sale of this support will not affect the basic military balance in the region.

The prime contractor will be the HBH Company (a joint venture of Hughes Aircraft Company, the Bendix Corporation, and Holmes and Narver, Incorporated) of Arlington, Virginia.

Implementation of this sale will require the assignment of an additional 600 contractor personnel to Saudi Arabia.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

DEFENSE SECURITY ASSISTANCE AGENCY,

Washington, D.C., September 10, 1981.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-91, concerning the Department of the Army's proposed Letter of Offer to Saudi Arabia for design and construction services estimated to cost \$1.7 billion. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Director.

[Transmittal No. 81-91]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective Purchaser: Saudi Arabia.

(ii) Total Estimated Value: \$1.7 Billion.

(iii) General Description of Facilities to be Constructed: This case amendment is for design and construction services for additional housing, personnel support facilities, training and maintenance facilities, expanded utilities systems, and a fleet headquarters building at the Royal Saudi Naval Forces (RSNF) bases at Jidda and Jubail; a data library system for the RSNF headquarters in Riyadh; and alignment and calibration ranges for RSNF ships.

(iv) Military Department: Army (HAQ, Amendment No. 16).

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Design and Construction Services Proposed to be Sold: None.

(vii) Section 28 Report: Included in report for quarter ending March 31, 1981.

(viii) Date Report Delivered to Congress: September 10, 1981.

POLICY JUSTIFICATION

SAUDI ARABIA—NAVAL FACILITIES CONSTRUCTION

The Government of Saudi Arabia has requested amendment of an existing Foreign Military Sales agreement for the purchase of design and construction services for additional facilities required by the Royal Saudi Naval Forces (RSNF) at the Jidda and Jubail bases and the Riyadh headquarters complex at an estimated cost of \$1.7 billion.

This effort is one of several construction projects being supervised by the U.S. Army Corps of Engineers which, when completed, will provide operational, training, and support facilities for the Saudi Arabian armed forces. The development of defense infrastructure is important in assisting nations to provide for their own security. Further, the values of construction efforts such as these extend far beyond the facilities themselves to the training and economic benefits derived by the labor force.

This particular construction effort is in support of the Saudi Naval Expansion Program (SNEP), which will provide major facilities for the Royal Saudi Navy to include deep-water ports on both the Red Sea and the Persian Gulf, ship repair facilities, training facilities, a naval headquarters, and a naval academy. This sale includes additional housing, personnel support facilities, training and maintenance facilities, expanded utilities systems, and a fleet headquarters building at the RSNF bases at Jidda and Jubail; a data library system for the RSNF headquarters in Riyadh; and alignment and calibration ranges for RSNF ships. This sale does not introduce a new military capability into the region.

The sale of these services will not affect the basic military balance in the region.

The prime contractor has not been determined at this time.

Implementation of this sale will require the assignment of an additional 160 U.S. Government personnel to Saudi Arabia. The total contractor work force should approximate 5,000 persons, primarily third country nationals.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

DEFENSE SECURITY ASSISTANCE AGENCY,

Washington, D.C., September 10, 1981.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-92, concerning the Department of the Air Force's proposed Letter of Offer to Oman for defense articles and services estimated to cost \$45 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Director.

[Transmittal No. 81-92]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective Purchaser: Oman.

(ii) Total Estimated Value:

	Millions
Major defense equipment*	\$40
Other	5
Total	45

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Two C-130H aircraft with support and training.

(iv) Military Department: Air Force (SCA).

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: None.

(vii) Section 28 Report: Included in report for quarter ending June 30, 1981.

(viii) Date Report Delivered to Congress: September 10, 1981.

POLICY JUSTIFICATION OMAN—C-130H AIRCRAFT

The Government of Oman has requested the purchase of two C-130H cargo aircraft with support for two years and training at an estimated cost of \$45 million.

This sale is consistent with the stated U.S. policy of assisting other nations to provide for their own security and self-defense by allowing the transfer of reasonable amounts of defense articles and services. Oman's strategic location at the entrance to the Persian Gulf closely links the national interests of Oman and the U.S. Along with the formal Access Agreement signed by the Governments of Oman and the United States in June 1980, this sale of two C-130H aircraft will enhance our country-to-country relationship.

This sale is designed to assist the Omani Air Force in modernizing and increasing its transport aircraft capability for the rapid movement of troops and military equipment within Oman and the resupply of ground forces. The sale of two C-130H aircraft does not introduce a new military capability into the region.

The sale of this equipment and support will not affect the basic military balance in the region.

The prime contractor will be the Lockheed Corporation of Marietta, Georgia.

Implementation of this sale will require the assignment of two additional U.S. Government or two contractor personnel for a minimum of one year.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

DEFENSE SECURITY
ASSISTANCE AGENCY,

Washington, D.C., September 10, 1981.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-93 and under separate cover the classified annex thereto. This Transmittal concerns the Department of the Navy's proposed Letter of Offer to Spain for defense articles and services estimated to cost \$510 million. Shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

Sincerely,

ERICH F. VON MARBOD,
Director.

[Transmittal No. 81-93]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF
OFFER PURSUANT TO SECTION 36(b) OF THE
ARMS EXPORT CONTROL ACT

- (i) Prospective Purchaser: Spain.
- (ii) Total Estimated Value:

	Millions
Major defense equipment*	\$200
Other	310
Total	510

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulation (ITAR).

(iii) Description of Articles or Services Offered: This sale is to provide development and procurement of shipboard antisubmarine warfare (ASW) electronic suites and the purchase of 18 SH-60B Light Airborne Multi-Purpose System (LAMPS) III helicopters for the Spanish Navy carrier and three frigates.

(iv) Military Department: Navy (SBZ and SCB).

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services to be Sold: See Annex under separate cover.

(vii) Section 28 Report: Included in report for quarter ending June 30, 1981.

(viii) Date Report Delivered to Congress: September 10, 1981.

POLICY JUSTIFICATION

SPAIN—SHIPBOARD ANTI-SUBMARINE WARFARE
(ASW) SYSTEMS

The Government of Spain has requested the development and procurement of shipboard ASW electronic suites and the purchase of 18 SH-60B Light Airborne Multi-Purpose System (LAMPS) III helicopters at an estimated cost of \$510 million.

This sale will contribute to the foreign policy and national security objectives of the United States by furthering cooperation under our Treaty of Friendship and Cooperation with Spain and improving Spain's coastal defense. Such improvement will benefit the defensive posture of the southern flank of NATO and contribute to keeping the sea lanes open for supplying the U.S. in-country military facilities which are important staging and reinforcement sites.

The purchase of these ASW systems will upgrade and modernize the Spanish anti-submarine capability by supplementing or replacing existing equipment. The Spanish Navy will be capable of absorbing and maintaining these systems within their current inventory and capabilities.

The sale of this equipment and support will not affect the basic military balance in the region.

The prime contractor for the SH-60B LAMPS III helicopter will be the IBM Corporation, Federal Systems Division of Oswego, New York, and the associate contractor will be the Sikorsky Aircraft Division of United Technologies Corporation of Stratford, Connecticut. The prime contractor for the shipboard equipment has not been chosen because the configuration for these electronic suites is not finalized.

Implementation of this sale will not require the assignment of any additional U.S. Government or contractor personnel to Spain.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

DEATH OF LAWRENCE J.
WASHINGTON

● Mr. LEVIN. Mr. President, I was shocked and saddened to learn of the death on Monday of a close friend and civic leader, Lawrence J. Washington. Larry was a leading figure in the National Association for the Advancement of Colored People on a national level and the unquestioned spokesperson for civil rights in Michigan. He was, in addition, a friend and adviser whose counsel I sought and respected.

Larry was a gentle person who could, when he needed, turn into a tiger in the constant battle for social justice. In a 1974 interview, he phrased his view of the world with characteristic honesty and elegance. He said then that:

I always believed in appealing to reason. Of course, I also learned that some people are more reasonable when you have them in a hammerlock.

Larry's accomplishments—achieved through both reason and the hammerlock he knew when to apply—were unquestioned. His voice will be missed, but the wisdom of his words and the fruits of his deeds will be long remembered and felt. I will always remember him—and I will always miss him.●

TO BE CONSERVATIVE

● Mr. GOLDWATER. Mr. President, it is a wonderful feeling to be a conservative these days. When I ran for President 17 years ago I was told I was behind the times. Now everybody tells me I was ahead of my time. All I can say is that time certainly is an elusive companion.

But those reactions illustrate how far the ideological pendulum has swung in recent years. The American people have expressed their desire for a new course in our public policy in this country—a conservative course.

President Reagan's triumphs at the polls and in Congress during the past year are, of course, great tributes to his skill as a politician. But they also resulted, I believe, from the long-develop-

ing shift of public opinion to traditional American values.

As far as I am concerned, that shift had to come. Government had been intruding more and more into every aspect of our lives. The people just would not stand for it anymore.

I have seen it coming for a long time. Throughout my political career, since the day I took my seat in the U.S. Senate, I have preached one basic theme: The bigger Government gets, the more it threatens our freedom.

I am certain those who contributed to the growth of Government had all the best intentions. As they started one Federal program after another through the years, their motives always sounded good and the intent of the programs always seemed admirable.

Almost 150 years ago a young Frenchman came to this country and marveled at the success of the American experiment in democracy. Alexis de Tocqueville wrote after visiting this country that:

The advantage of democracy does not consist . . . in favoring the prosperity of all, but simply in contributing to the well-being of the greatest number.

And the foundation for our form of government is not in the principle of prosperity for all but in freedom for all. That is what has attracted all those who have migrated to this country. That is what has made America the symbol of hope and prosperity for all the world. Freedom: That is what true conservatism is all about.

Being a conservative in America traditionally has meant that one holds a deep, abiding respect for the Constitution. We conservatives believe sincerely in the integrity of the Constitution. We treasure the freedom that document protects.

We believe, as the Founding Fathers did, that we "are endowed by our Creator with certain unalienable rights; that among these are life, liberty and the pursuit of happiness."

And for 205 years this Nation, based on those principles, has endured. Through foreign wars and civil wars, through political scandals and economic disasters, through civil disorders and Presidential assassinations, our flag has flown high. Through it all we have survived every possible attack on our freedom.

But where the guns of war and the breadlines of the depression failed, another force could succeed in dividing our country. The specter of single issue religious groups is growing over our land. In all honesty, I must admit that the birth of the so-called "new right" is a direct reaction to years of increasing social activism by the liberal side of the religious house. Within that development lies a very serious threat to our liberty.

One of the great strengths of our political system always has been our tendency to keep religious issues in the background. By maintaining the separation of church and state, the United States has avoided the intolerance which has so divided the rest of the world with religious wars. Throughout our 200-plus

years, public policy debate has focused on political and economic issues, on which there can be compromise.

James Madison, once wrote that "If men were angels, no government would be necessary."

Well, Madison certainly recognized that humans are not angels. He realized that they tend to group together in narrow interest groups, which he called factions. And he wrote extensively in the federalist papers about how the Constitution should protect us from the abuses of various factions.

Madison saw this as the great paradox of our system: How do you control the factions without violating the people's basic freedoms?

Madison wrote:

In framing a government which is to be administered by men over men, the great difficulty lies in this: You must first enable the government to control the governed; and in the next place oblige it to control itself.

And in a well-constructed representative government like ours, Madison said, one of our greatest strengths is our ability to "break and control the violence of faction."

What he said is that the aim of the framers of the Constitution was to allow freedom of religion and freedom of speech for everyone, not just those who follow one religious faction.

Madison said:

A zeal for different opinions concerning religion has occasionally divided mankind . . . and rendered them much more disposed to vex and oppose each other than to cooperate for the common good.

Can any of us refute the wisdom of Madison and the other framers? Can anyone look at the carnage of Iran, the bloodshed in Northern Ireland, or the bombs bursting in Lebanon and yet question the dangers of injecting religious issues into the affairs of state?

Our political process involves a constant give and take, a continuous series of trade-offs. From this system of compromise, we get legislation that reflects input from many sectors of our society and addresses many needs and interests.

Obviously, not everyone can be pleased, but at least all sides are considered.

However, on religious issues there can be little or no compromise. There is no position on which people are so immovable as their religious beliefs. There is no more powerful ally one can claim in a debate than Jesus Christ. Or God, or Allah, or whatever one calls his supreme being.

But, like any powerful weapon, the use of God's name on one's behalf should be used sparingly.

The religious factors that are growing throughout our land are not using their religious clout with wisdom. They are trying to force government leaders into following their positions 100 percent. If you disagree with these religious groups on any particular moral issue, they cajole, they complain, they threaten you with loss of money or votes or both.

In the past couple years, I have seen many news items that referred to the moral majority, pro-life and other religious groups as "the new right," and the "new conservatism." Well, I have

spent quite a number of years carrying the flag of the "old conservatism." And I can say with conviction that the religious issues of these groups have little or nothing to do with conservative or liberal politics.

The uncompromising position of these groups is a divisive element that could tear apart the very spirit of our representative system, if they gain sufficient strength.

As it is, they are diverting us away from the vital issues that our Government needs to address. We are facing serious economic and military dangers in this country today, and we need to make a concerted effort to correct our problems in these areas.

But far too much of the time of Members of Congress and officials in the executive branch is used up dealing with special interest groups on issues like abortion, school busing, ERA, prayer in the schools, and pornography. While these are important moral issues, they are secondary right now to our national security and economic survival.

I must make it clear that I do not condemn these groups for what they believe. I happen to share many of the values emphasized by these organizations.

I, too, believe that we Americans should return to our traditional values concerning morality, family closeness, self-reliance, and a day's work for a day's pay. These are the values our forebears clung to as they built this Nation into the citadel of freedom it is today.

And I, too, have been pleased with the swing of the pendulum for in recent years to the conservative, moral end of the spectrum.

But I object to certain groups jumping on that pendulum and then claiming that they caused it to swing in the first place.

And I am frankly sick and tired of the political preachers across this country telling me as a citizen that if I want to be a moral person, I must believe in "A," "B," "C," and "D." Just who do they think they are? And from where do they presume to claim the right to dictate the moral beliefs to me?

And I am more angry as a legislator who must endure the threats of every religious group who thinks it has some God-granted right to control my vote on every rollcall in the Senate.

I am warning them today: I will fight them every step of the way if they try to dictate their moral convictions to all Americans in the name of conservatism.

This unrelenting obsession with a particular goal destroys the perspective of many decent people with whom I think I agree on most issues. In the quest for moral righteousness they have become easy prey to manipulation and misjudgment.

A prime example was the recent nomination of Sandra O'Connor as a Supreme Court justice and the ensuing uproar over her stand on abortion.

The abortion issue has nothing to do with being conservative or liberal. I happen to oppose abortion, but there are many fine conservatives who would go along with regulated abortions. In fact, my own wife believes that a woman

should have the freedom of choice for herself whether she is capable of continuing the pregnancy and then raising the child.

I disagree with her on that. Yet I respect her right to disagree. If I expected her to agree with me on every issue we would be in a lot of trouble.

And the same goes for prospective Supreme Court justices. No single issue ever should decide the fitness of a Supreme Court justice. To think otherwise is to go against the integrity of the Constitution.

There are many broad issues addressed each day by a jurist that are much more revealing of how that person might perform on the High Court. A judge's attitude on private property rights, State sovereignty, statutory construction, and treatment of criminals tells me more about whether a person is conservative than his or her stand on abortion.

Of course, the saddest part of the whole dispute was that Judge O'Connor was attacked by these religious factions for a position she does not hold. She opposes abortion and said so. I firmly believe that she recognizes the authority of legislatures to regulate it.

She will make an excellent justice of the Supreme Court. She will make President Reagan proud that he chose her as the best of all candidates—men or women.

And the religious factions will go on imposing their will on others unless the decent people connected to them recognize that religion has no place in public policy.

They must learn to make their views known without trying to make their views the only alternatives.

The great decisions of Government cannot be dictated by the concerns of religious factions. This was true in the days of Madison, and it is just as true today.

We have succeeded for 205 years in keeping the affairs of State separate from the uncompromising idealism of religious groups and we must not stop now.

To retreat from that separation would violate the principles of conservatism and the values upon which the framers built this democratic republic.●

CONSULTATIONS ON INTEREST RATE REDUCTIONS

● Mr. BAUCUS. Mr. President, on July 30 my colleague, Senator MELCHER, introduced Senate Joint Resolution 104 that would require President Reagan to begin immediate consultations with the Federal Reserve Board with the aim of reducing interest rates substantially within the next 60 to 90 days.

On August 20, the members of the Montana Governor's Ad Hoc Committee on Agriculture formally endorsed Senator MELCHER's resolution. I ask that their endorsement appear in the RECORD.

The material follows:

STATE OF MONTANA,
Helena, August 20, 1981.

Montana's two leading cereal grains, wheat and barley, are currently selling for 50 and 56 percent of parity, resulting in an ever in-

creasing need for credit to continue operations. Current usurious interest rates are devastating to agriculture as well as the rest of the economy. A one percent increase in interest rates results in a one billion dollar increase in expenses nationally for agriculture. An 8 percent decrease in rates would mean additional income to meet expenses in the amount of 8 billion dollars.

Senator John Melcher's efforts to lower interest rates are to be commended. The undersigned members of the Governor's Ad Hoc Committee on Agriculture does hereby endorse to support Senate Joint Resolution 104 introduced by Senator Melcher directing the President of the United States to consult with the Governors of the Federal Reserve System for the purpose of substantially reducing interest rates within the next 90 days. Unless this is done it will likely cost us a generation of young farmers.

Montana Farmers Union, Montana Farm Bureau, Montana Stockgrowers Association, Montana CowBelles, Montana Cattlemen's Association and Dairy Association, National Farmers Organization, Montana Grain Growers Association, Montana Women Involved in Farm Economics, Montana State Grange, Montana Department of Agriculture, Farmers Union Marketing, and Processing, Cenex, Grain Terminal Association, Montana Weed Control Association, and LENEX.●

NOTICE OF DETERMINATIONS BY THE SELECT COMMITTEE ON ETHICS

● Mr. WALLOP. Mr. President, it is required by paragraph 4 of rule 35 that I place in the CONGRESSIONAL RECORD this notice of Senate employees who propose to participate in a program, the principal objective of which is educational, sponsored by a foreign government or a foreign educational or charitable organization involving travel to a foreign country paid for by that foreign government or organization.

The Select Committee on Ethics has received a request for a determination under rule 35 which would permit Mr. Thomas A. Brooks of the staff of the Committee on Banking, Housing and Urban Affairs, and Ms. Joan McEntee of the staff of the Committee on Governmental Affairs, to participate in a program sponsored by a foreign educational organization, the Eisenhower Fellows Association in the Republic of China, from August 11 to September 4, 1981.

The committee has determined that participation by Mr. Brooks and Ms. McEntee, to discuss banking, finance and economic development in the program in Taiwan, is in the interests of the Senate and of the United States.

The Select Committee on Ethics has received a request for a determination under rule 35 which would permit Mr. John R. Steer, legislative director to Senator STROM THURMOND, to participate in a program sponsored by a foreign educational organization, Tamkang University, in the Republic of China from August 16-24, 1981.

The committee has determined that participation by Mr. Steer in the program in the Republic of China, at the expense of Tamkang University, to discuss economics and international relations, is in the interests of the Senate and the United States.

The Select Committee on Ethics has received a request for a determination under rule 35 which would permit Ms. Margo Carlisle of the staff of the Republican conference, to participate in a program sponsored by the Konrad Adenauer Foundation, to be held in Cologne, Germany from September 2 through 5, 1981.

The committee has determined that participation by Ms. Carlisle in the program in Cologne, Germany, at the expense of the Konrad Adenauer Foundation, is in the interests of the Senate and the United States.

The Select Committee on Ethics has received a request for determination under rule 35 which would permit Mr. John E. Carbaugh, Jr. of the staff of Senator HELMS to participate in a program sponsored by a foreign educational organization, the Konrad Adenauer Foundation in Bonn, West Germany, from September 3-6, 1981.

The committee has determined that his participation in the program in West Germany at the expense of the Adenauer Foundation, to discuss the Atlantic Alliance, is in the interests of the Senate and the United States.

The Select Committee on Ethics has received a request for a determination under rule 35 which would permit Senator PAULA HAWKINS to participate in a program sponsored by a foreign educational organization, Ta Tung University, Taipei, Taiwan on August 31, 1981.

The committee has determined that participation by Senator HAWKINS in the program in Taiwan, at the expense of Ta Tung University, to speak to the faculty and student body of that university, is in the interests of the Senate and the United States.

The Select Committee on Ethics has received a request for a determination under rule 35 which permits Mr. Robert J. Kabel of the staff of Senator LUGAR to participate in a program sponsored by a foreign educational organization, Soochow University in Taipei, Taiwan on August 3-11, 1981.

The committee has determined that Mr. Kabel's participation in the program in Taiwan, at the expense of Soochow University, to discuss relations between the United States and the Republic of China, is in the interests of the Senate and the United States.

The Select Committee on Ethics has received a request for a determination under rule 35 which permits Mr. Kent Hughes of the staff of the Joint Economic Committee to participate in a program sponsored by a foreign educational organization, Tamkang University in Taiwan on August 16-24, 1981.

The committee has determined that Mr. Hughes' participation in the program in Taiwan, at the expense of Tamkang University, to discuss relations between the United States and the Republic of China, is in the interests of the Senate and the United States.●

SOUTH BRONX: STRENGTH FROM UNITY

● Mr. MOYNIHAN. Mr. President, the Sunday, July 26 Los Angeles Times car-

ries a story entitled "South Bronx: Strength From Unity." As almost everyone knows by now Mr. President, politicians have made the South Bronx the most frequently visited part of New York in recent years. It is now apparent that the area is coming back to life. Its renaissance is the result of the efforts and faith of local residents and community organizations.

I ask that the text of this article be presented in the RECORD together with a letter from New York's Mayor Koch.

CITY OF NEW YORK,
New York, N.Y., July 28, 1981.
HON. DANIEL PATRICK MOYNIHAN,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR: The South Bronx is coming back. Here's a fresh look by a reporter from the Los Angeles Times. I know you'll be pleased to read his story.

All the best.

Sincerely,

EDWARD I. KOCH,
Mayor.

SOUTH BRONX: STRENGTH FROM UNITY (By John J. Goldman)

NEW YORK.—After decades of decay and delay, significant stirrings are taking place in the South Bronx.

Where despair once reigned, a series of diverse community organizations—some with such exotic names as the Banana Kelly Community Improvement Assn., the Mid-Bronx Desperadoes, the Bronx Frontier Development Corp. and the Last Hope Tenants Assn.—are beginning to bring change and a piece of the American dream to the nation's most publicized urban wasteland.

The South Bronx, 20 square miles of New York City widely believed to contain only rubble-strewn empty lots, hides surprising pockets of strength: an industrial park under construction, truck farms, rose gardens, restorations of burned-out apartment buildings, even a windmill.

Land speculators are beginning to emerge; so are tax shelters for the wealthy.

An alliance of tough parish priests, professional planners and community activists is working to stamp out arson.

POTENT, APPEALING SYMBOL

Ground has been broken for 250 suburban-style, middle-income homes. The scene isn't exactly Levittown, and the problems that remain certainly are gigantic. But the symbol of suburban middle-class home ownership as a means of anchoring slum neighborhoods is powerful and appealing to urban planners.

"I hope that people who are middle-class and who hung on will say, 'Gee, we're glad we hung on and we can stay,'" says New York's Mayor Edward I. Koch, who was born in the South Bronx. "I hope that people who left and who are middle-class will come back and buy some of these houses."

"... It is an accurate statement to say that the South Bronx is coming back," Koch said. "I believe it to be so. People always focus on the dreadful parts of the South Bronx. You will find an enormous amount of construction there—low-income housing, moderate-income housing that has been built over the years."

"I AM VERY ENCOURAGED"

"There are centers of strength that will be expanded as long as everybody hangs in there," adds Mitchell Sviridoff, president of the Local Initiatives Support Corp., launched by the Ford Foundation last year in an effort to revitalize neighborhoods. "I am very encouraged by what has been happening in the Bronx."

The impression that the American dream

remains permanently shattered in the South Bronx has been enduring and has been reinforced by tours of the rubble by politicians of both parties, including President Reagan and his predecessor, Jimmy Carter. Pictures of both men viewing the wasteland of Charlotte Street hide another reality—the gritty vitality of many residents who have been working, building by building and block by block, to rebuild.

"The South Bronx is both an area and a scare word. The stereotypes tend to hide the activity," says Lois Harr, a project coordinator with the Northwest Bronx Community and Clergy Coalition, one of the principal groups seeking to improve the area. "What the South Bronx is about is people struggling in their neighborhoods."

"WE ARE THE GET SET"

"I am a conservative, liberal, radical grandmother," adds Anne Devenney, 61, president of the Coalition's Board of Directors. "We improve. We don't move. We are not in the jet set. We are the get set. We get things done."

Despite her optimism, getting things done in the South Bronx has traditionally been very difficult. Resources for urban renewal have been scarce generally, and New York's fiscal crisis has heightened competition among neighborhoods for the money that is available. Thus, it is no surprise that what remains to be done in the South Bronx is awesome.

Just one statistic points to the scope of the problems: At least half of the 2,900 abandoned buildings still standing are so badly damaged that they must be torn down before new neighborhoods can be built.

But, two organizations have served as catalysts.

PARTNERSHIP WITH OTHERS

One is the Local Initiatives Support Corp. Launched by the Ford Foundation, it has forged a partnership with three other foundations and 10 corporations, including banks and insurance companies, to raise close to \$2 million in fresh funds for the area. Since it started last year, the corporation has been able to raise more than \$25 million nationally with 25 corporations contributing.

It has already funneled \$255,800 to local South Bronx groups that have shown stability, managerial competence and community rapport. Only to the extent that these and other grass-roots organizations across the nation become businesslike and self-sufficient, will they be able to weather the difficult times ahead when federal budget cuts hit home.

A FASCINATING PLACE

The second coordinating body is the South Bronx Development Organization, directed by Edward J. Logue, the veteran urban planner whose work has altered the design of Boston, New Haven and New York. This group, created by Koch, has 15 directors representing City Hall, the Bronx Borough Hall and the South Bronx's six community boards. It started operations in 1979 and last fall was again funded by the city, state and federal governments as a nonprofit local development corp. It seeks economic development, job creation, housing and rehabilitation.

"It (the South Bronx) is a fascinating place. You catch the spirit of it," Logue says. "A year from now we will have achieved more momentum and begun to change attitudes even more. We will be getting more people in there to work. And we will be significantly more along in the basic thing we have to do—change the town's attitude about itself."

"If you change the attitude of the South Bronx people and they begin to think there is a reason for staying and a reason for improving, that makes the difference . . . There

is a whole public perception of what the place is like, and there is a whole different reality."

DECLINE IN POPULATION

The reality of what happened in the South Bronx has been well chronicled—the flight of the middle class to the suburbs, the influx of poor, the arson, abandonment and decay. Latest census figures show the decline.

In the 10 years since 1970, the population of the South Bronx dropped from 763,326 to 459,777—a loss of 303,549. The loss of about 40 percent of any area's residents is startling. Not only did the population leave, but it changed, becoming overwhelmingly black and Latino.

Summarizing the turbulence and what happened afterward, the police station serving the toughest area in the South Bronx changed its nickname from "Ft. Apache" to "The Little House on the Prairie." Urban planners say the South Bronx burned itself out. What remained became ripe for renewal.

PRIESTS STARTED ORGANIZING

But while attention focused on the firestorm, several groups stubbornly stayed. Parish priests, facing rows of empty pews as parishioners fled, switched to community organizing. While chaos in the classroom dominated many public schools, the tough priests and nuns kept up educational standards in parochial schools. On some blocks residents formed community organizations to repair buildings, press absent landlords for heat and hot water and to fight for a share of available local and federal funds.

"The role of the church as a catalytic force and as a stabilizing force has been major," Logue says. "The clergy believes there is work to be done, and they are working away at it. The clergy has a very special reason. What is a clergy without a flock?"

"The parochial schools could have died. They went through some lean times, and then people said, 'Hey, here I get security, here I get discipline. My child gets educated.' You don't hear of any of the parochial schools closing down."

GOOD PRICE ON A HOME

"... I tell everybody, sure we have 150,000 or 175,000 people on welfare," Logue adds. "But we got close to 300,000 people in families who support themselves. That says something. There is a large self-supporting population."

Stabilizing that population has been a major priority of South Bronx pioneers. Building 250 private suburban homes is the most dramatic event that has happened to the area in decades. The home building is clearly aimed at residents who are tempted to move elsewhere.

The address aside, the deal is one of the best in the nation. In few other places can buyers pay \$41,500 for a brand-new, two-story, three-bedroom row house, complete with driveway and front yard, all with a 4.75 percent mortgage. A four-bedroom model is available for \$49,500. Purchasers are required to earn from about \$14,300 to \$26,000 a year.

Two factors make the offering possible—the large amount of cheap city-owned land that was cleared by arson, plus a subsidized federal mortgage plan for single-family homes.

WORKSHOPS FOR PURCHASERS

The response of South Bronx residents has been strong, even though there has been no advertising yet and model homes still are to be built. The cooperative extension service of Cornell University has been running workshops for potential purchasers. Some of the meetings in local schools and churches have attracted as many as 400 people, who receive basic lessons in budgeting and worksheets on the cash flow that it takes to pay off a mortgage.

Over the years some urban planners, concerned about the plight of the poor, have criticized bringing more affluent families into an area—a process they label gentrification.

"You know, there are people who are against gentrification as they define it. I'm for gentrification because I define it more broadly," says Koch. "I happen to believe it's helpful to an area that is perceived as low-income, near the bottom of the poverty ladder to have an infusion of middle-class people—black, white and Hispanic—to upgrade the area."

"Nobody seems to get upset when a middle-class area starts to go downhill and the poor people move in. Why should people be upset from an ideological point of view that middle-class people move into a neighborhood that is poor? It takes years and years and years before there is even a significant impact of middle-class people moving into a neighborhood. I encourage it."

As important as the private housing is the plan for Bathgate Industrial Park. When fully developed, it is designed to bring 1,500 jobs to the South Bronx. The first building on the 21.5-acre site, situated largely on city-owned land near a convenient expressway, is under construction.

When the first structure is finished it will contain 60,000 square feet and will rent at between \$2.50 and \$3.00 a square foot—a price attractive enough to compete with industrial parks in New Jersey and Connecticut. To be secure from theft and vandalism the industrial park will use such techniques as off-street parking and inside loading.

With Koch's backing, the first building is being erected as a speculative venture—but if indications of interest from companies continue, parts of the park will not be speculative for long. The Port of New York Authority has become a partner in the project and has agreed to develop at least three of its eight blocks. Over the next five years the South Bronx Development Organization sees a market for 2.5 million square feet of new industrial space. It has been looking for other sites.

700 LOCAL GROUPS SURVIVE

Another part of the strategy for bringing back the Bronx is strengthening existing community groups. About 700 local groups have survived, ranging from block associations to larger bodies like the Burnside Development Corp., the Northwest Bronx Community and Clergy Coalition and the Southeast Bronx Community Organization.

Daniel Rosa, who runs a meat market on Burnside Avenue, remembers the days when Loew's Burnside Theater flourished. The movie house no longer operates, and Rosa, as head of the Burnside Development Corp. consisting of 100 merchants, has been fighting to bring back what was once a very strong shopping area.

"This was always a seven-day-a-week business community, predominantly Jewish," Rosa recalls. "The void is being filled by middle-class blacks and Hispanics. They are trying to raise their children to give them a better outlook."

Rosa is part cheerleader, part urban strategist. He lobbies for better street lighting, for quick rehabilitation of buildings after fires, for better subway service and for new private investment along Burnside Avenue.

"We want to have a neighborhood office to set up tenant organizations," he said, spreading a map of the area on the top of his meat market's freezer. "We are trying the grass-roots, ground-up approach. We are trying to show the city there is a tremendous amount of vitality up here. The Bronx bottomed out a few years ago. The smart real estate people knew there is a future."

While Rosa heads one of the more successful neighborhood merchants associations, the scope of the Northwest Bronx Commu-

nity and Clergy Coalition is far broader. Its mandate covers one-fourth of the Bronx.

The coalition was organized in 1973 by the pastors of 16 parishes. Their goal was to treat the problems of their 12 neighborhoods in the Northwest Bronx and avoid the waves of destruction sweeping through the southern part of the borough. But trouble soon spread north until the area the coalition serves is now considered part of the devastated South Bronx.

The churchmen responded by canvassing their neighborhoods and forming 974 tenant associations and 137 block organizations. The coalition made efforts to save hundreds of decaying buildings, fighting to have 37,000 building violations removed and improving safety in 557 structures through installing secure lobby doors, intercom systems and other measures. New boilers, plumbing, wiring, mailboxes and roofs were obtained in many cases.

The Community and Clergy Coalition has organized more than 300 cleanups of streets, sidewalks and vacant lots. It has planted trees and community gardens, sealed abandoned buildings, repaired broken sewers and supervised play streets. Neighborhood patrols have been organized. The coalition has forged alliances with several banks and insurance companies to get financing for building improvements. Three insurance companies—Aetna, Allstate and Travelers—have agreed to write policies in neighborhoods the coalition covers.

ARSON PREVENTION PROJECT

Working with members of the Bronx District Attorney's Office, the U.S. Fire Administration and the New York City Fire Department, members of the coalition have launched a unique arson prevention project in 50 buildings.

Arson-prone buildings are identified through computer analysis. Tax arrears, vacancy rate, the number of previous fires of other measurements are entered into a computer and a score is assigned to the structure. Thirteen would be an abandoned building with 12 previous fires.

"Most of the buildings we look at are in the 1.85 range," says Lois Harr, who heads the coalition's antiarson effort. "We channel the buildings into a treatment program."

TREATMENT PROGRAM

That can include organizing the building's tenants, finding out who holds the insurance, inspecting the structure for repairs and meeting with cooperative landlords to arrange fix-ups or refinancing. If a landlord is uncooperative, court action can follow to put a bank-appointed manager in charge of the building.

Sometimes the satisfactions are far greater than restoring bricks and mortar. Harr, 27, who grew up in the Bronx and who graduated from Fordham University in the neighborhood where rehabilitation work is under way, remembers what happened in one building when it was finally repaired.

"The younger people, blacks and Hispanics in the building, gave a little old white-haired lady a birthday party. They learned there was something to be gained by working together. It was a thrill to go to her birthday party," Harr said. "It was the first winter in four years they had heat and hot water."

ENTERING ANOTHER WORLD

Perhaps the most spectacular progress in all 20 square miles of the South Bronx has been made in the Hunts Point section nicknamed Gigante Land, after Father Louis Gigante, an associate pastor of St. Athanasius Roman Catholic Church.

Gigante formed the Southeast Bronx Community Organization in 1968 when Hunts Point was synonymous with dilapidated housing, poor health care, crime and decay. These days, to enter Gigante Land is to enter another world.

The area is dominated by rehabilitated apartment houses and Tiffany Plaza, and outdoor, European-style plaza with ornamental fountains and lion's-head sculptures, made in Italy, spouting water. The plaza contains a stage and 30 honey locust trees. Over the years, Gigante has overseen the construction and rehabilitation of 1,100 federally subsidized apartments.

SELLING TAX SHELTERS

The group's budget is funded in part by the sale of tax shelters on its buildings. On a \$10,000 investment, deductions of up to \$30,000 a year for five years are possible. Selling tax shelters to wealth investors has become an increasingly common tactic among South Bronx development groups.

There also are signs that real estate speculators are beginning to purchase properties on a selective basis. Gigante's group thought it had a deal recently to buy land for a parking lot by paying the owner's back taxes. But when the time came to purchase the lot, another buyer had stepped in and was asking a much higher price for the land.

"We have to stay here. We live and die here," says Mario Tolsano, the group director. "We expect to be around for a long time just to make sure that the neighborhood becomes stable."

Clearly, the process of bringing stability to the South Bronx will be long and difficult. The hardships some community groups have endured are memorialized by such names as the Last Hope Tenants Assn. and the Mid-Bronx Desperadoes Community Housing Corp. The Mid-Bronx Desperadoes were formed by nine tenant and block associations who were desperate because of the arson and abandonment sweeping Charlotte Street and the nearby neighborhood.

In seven years the Desperadoes have rehabilitated more than 300 units of housing. The group runs senior citizen patrols, youth and senior citizen committees. It prints a community newsletter and has undertaken beautification projects that include building picket fences and planting flowers around trees that grow in the South Bronx. The Desperadoes work closely with a day-care center, sponsoring educational projects and have contacted more than 200 merchants to form an association to stabilize shopping streets.

"When we applied to the state with the name Desperadoes because we were desperate, the state refused to incorporate us. Officials thought we were a vigilante group," says Genevieve Brooks, the group's president. The problem was solved by incorporating under the initials MBD—which satisfied the lawyers.

"CLEANEST BLOCK IN CITY"

"We felt there were a lot of good people here and they should have a chance," Brooks says. "We are the cleanest block in the city. There are no graffiti on our block of Vyse Avenue. Our floors are highly polished. Curtains are on the windows. Our people are very proud of where they live. The people here are entering into a community. It's a family."

The Last Hope Tenants Assn. was formed because all the other apartment houses in a section of Charlotte Street were torn down. The association has worked successfully to stabilize the last remaining building.

While blocks of Charlotte Street typify urban blight and are startling to tourists, the contrasts now appearing in the South Bronx can be equally startling. Near an expressway on Bathgate Avenue stands a truck farm, complete with its own greenhouse. It grows cucumbers, flowers, grasses, tomatoes and herbs designed to be sold to chic Manhattan restaurants. There are plans, with logic based on locale, to plant mushrooms in darkness of a nearby abandoned building.

"Mushrooms grow in the dark, so abandoned buildings are ideal," says Connie Davis, the farm's office manager, who previously was a social worker. "The Bronx was originally farmland, and we are going back to some of its roots."

In another aspect of soil management, Bronx Frontier Development Corp. furnishes compost material for street gardens. The mulch is manufactured on what Bronx Frontier calls its "ranch," complete with a 64-foot-tall windmill named Aeolus in honor of the Greek wind god. The windmill not only furnishes electricity but is also designed to aerate the mulch pile. As an added bonus, the windmill contains a synthesizer that plays music as the blades spin.

Contrasts are equally vivid on one block of Kelly Street. Boarded-up apartment buildings stand as reminders of the area's decline, but across the street are rehabilitated red-brick buildings with solar collectors on the roof. The apartments include duplexes as chic as many found in Manhattan. Behind the renovated structures stand a rose garden, vegetable beds, a small park and a playground complete with a "dragon" made from wood and abandoned tires.

Responsible for the renovation is the Banana Kelly Community Improvement Assn., so named because part of Kelly Street is curved like a banana. In the four years since its founding, the group has weatherized and managed housing, sealed up abandoned buildings, formed a food cooperative and begun marketing a product one of its members invented—a thermoshade that is placed over windows preventing heat loss during the winter.

Some urban planners believe the transition from community groups to small businesses will be a benchmark in the future of the South Bronx. Another benchmark could be the expansion of single-family, owner-occupied housing. The technology exists for a few family members to do most of the work to erect a new house.

"If people see home ownership as a workable option in the South Bronx and if land can be made available cheaply—which it can—the impact could be magic," Logue said. "We might see a whole new wave of urban homesteaders." ●

OIL PIPELINE DECONTROL LEGISLATION

● Mr. MURKOWSKI. Mr. President, I have worked closely with Senator NICKLES over the past few weeks in an effort to design legislation to reform petroleum pipeline regulations. I share Senator NICKLES' views with respect to the need for regulatory reform of this industry. This is a competitive industry, and Government regulation is not needed.

I believe, however, that unique circumstances exist with respect to the transportation of oil through the Trans-Alaska Pipeline system authorized by the Trans-Alaska Pipeline Act to transport oil from the North Slope of Alaska to the Port of Valdez. Because of the special situation, maintaining Federal Energy Regulatory Commission responsibility for determining the transportation rate for this particular system is essential. Senator NICKLES and I have agreed on language which recognizes this. Accordingly, rate regulation over the Trans-Alaska Pipeline System will be maintained under the proposed legislation. ●

PHILIP SLOMOVITZ HONORED

● Mr. LEVIN. Mr. President, on September 22, Bar-Ilan University, the third largest university in Israel, will formally confer the degree of Doctor of Humane Letters on Philip Slomovitz and establish the "Philip Slomovitz Chair in Communications" in his honor. I rise to call this event to the attention of the Senate not just because Phil is a close friend of mine, but also because I believe that his accomplishments deserve to be recognized at the national level just as they have been in Michigan and in many parts of the world.

Phil Slomovitz has, for the past 35 years, served as the editor of one of the truly great weeklies to be published in the United States, the *Detroit Jewish News*. His work on the paper has allowed Phil to combine the three moving forces of his life: His love for America, his devotion to the Jewish people, and his respect for the printed word.

As a journalist, Phil is a keen observer of the world that surrounds him, reporting on events which affect his community and commenting on the forces which shape it with an insight and intelligence and elegance that have marked his writing for years. As an individual, Phil has accepted his responsibility to help make the world a better place for all people. He does not just cover events; he helps to shape them. He does not attend just to report; he shares in the decisionmaking process and his suggestions and guidance are inevitably solicited and respected.

I suspect that of all the awards he has received, and there have been many, the establishment of a chair bearing his name at Bar-Ilan University is the honor that may mean the most to him. When Phil accepts that award, and the honorary degree being bestowed on him, he will see tangible evidence of the respect and admiration and love which his work and his life have earned for him.●

TRIBUTE TO ROY WILKINS

● Mr. HEINZ. Mr. President, behind every successful movement there is always one person who steadfastly goes about getting the job done. Roy Wilkins, who led the National Association for the Advancement of Colored People for 22 years, was such a man. If he were alive today, he would insist—correctly so—that the big job is still not done; nevertheless, it was he who laid the foundation for those laborers who will follow him.

As editor, executive, and activist, Roy Wilkins played a major role in winning progress for American blacks and other minorities in the last half century. He organized the march on Washington in 1963 that mobilized public opinion behind his people's cause and made it a national cause. We can be grateful to Roy Wilkins in large measure for the Civil Rights Act of 1964, the Voting Rights Act of 1965, and the Fair Housing Act of 1968.

Roy Wilkins' greatest quality was his ability to convey his passion for justice and his conviction that the underdog

must be included in our society. He well knew that it was in the interest of all Americans to recognize the human dignity and worth of their countrymen and women. Besides his keen moral vision, he succeeded through his intelligence, his thoroughness, his quiet use of power, and his mastery of the English language.

This Congress and this administration have faced and will continue to face a series of challenges that will affect future generations. I hope that we will keep Roy Wilkins' life and work as a guide, and imitate a man who set his course on what was ultimately right and who helped move the country in that direction. America has lost a good friend.●

THE SPRINGBOKS SHOULD GO HOME

● Mr. KENNEDY. Mr. President, I wish to express my deep opposition to the decision to invite and to permit the Springbok rugby team of South Africa to compete in the United States. These decisions run directly counter to our Nation's proud tradition of support for civil and human rights. Here in the United States, it is a basic right to participate and compete in sports regardless of race. But in South Africa, the black majority is excluded from the Springbok rugby team—as they are from opportunities in the most basic aspects of human existence by the inhumane, racist system of apartheid.

By allowing the Springboks into the United States, the Reagan administration is telling the world of its indifference to South Africa's apartheid policies. Only last month, the South African Government decided to evict over 1,200 squatters from Nyanja township, outside Capetown, and to deport them to a life of poverty and deprivation in the Transkei. Instead of indirectly supporting South Africa's racist policies, the United States should do all it can to end apartheid, which is an abhorrent violation of fundamental human rights.

The administration's decision further undermines U.S. policy in Africa. Nations throughout Africa have been clear in their opposition to this rugby tour. Yet instead of taking African views into consideration, the Reagan administration has shown once again great insensitivity to the legitimate concerns raised throughout Africa.

Moreover, this decision provides a useful propaganda tool for the Soviet Union. By opposing this rugby tour and by threatening to boycott the 1984 Olympics, the Soviet Union—not the United States—can claim to support human rights and majority rule throughout Africa. Instead of opening an avenue for Soviet gains in Africa, the United States must stand firm in its commitment to democracy and fundamental human rights.

Mr. President, in the wake of the appalling United States veto of a U.N. resolution condemning South Africa's recent invasion of Angola, it is time to put America's Africa policy back on track. We must never forget that our basic interests are those which we share

with the people of Africa: upholding national sovereignty, promoting economic development and attaining fundamental goals of political and racial justice. I believe that by stating opposition to the Springbok tour, the American people can show Africa and the world that we both oppose the administration's decision and stand firm in our commitment to civil and human rights.●

INTERNATIONAL LINER SHIPPING

● Mr. PACKWOOD. Mr. President, I have requested that my name be added as a cosponsor of S. 1593, a bill to revise regulation of international liner shipping. I am pleased that Merchant Marine Subcommittee Chairman SLADE GORTON has moved forward with this needed legislation. Before we address maritime promotional policy, we must provide U.S. maritime carriers and shippers with a legal and regulatory environment conducive to international competition.

Reinstating the immunities provided by the 1916 Shipping Act, as S. 1593 seeks to do, will go a long way toward this end.

I believe the concept of shippers councils and the precise nature of regulatory reforms affecting the Federal Maritime Commission deserve further review. Hearings on S. 1593, and S. 125, introduced by Senator INOUYE, will focus on these and related issues.

As chairman of the Commerce Committee I am committed to revitalization of the U.S. merchant marine, and support this initiative to place the U.S. industry on an equal, competitive footing.●

OIL, OPEC, AND U.S. POLICY

● Mr. HATCH. Mr. President, for the past decade this Nation has been forced to deal with the erratic behavior of OPEC pricing policies. The 1973 oil embargo forced prices to skyrocket and sent waves of fear reverberating through the gas-buying public. In many circles it was suggested that U.S. policy, particularly toward the Middle East, would have to give greater consideration to OPEC desires in the future. Oil producing nations fostered such a belief and basked in the newly created perception of power.

In the intervening years many oil consuming nations have invested massive amounts in researching alternative energy sources. These programs, coupled with conservation campaigns, have reduced demand for oil. The net result has been a glut of oil on the world market. The recent meeting of OPEC nations failed to establish a clear policy giving supporting evidence to the economic law of supply and demand. The member nations of the cartel found it easy to agree when demand was high, but national interests take over when competition for sales becomes more intense.

On August 1, 1981 a stimulating Op-Ed piece appeared in the *Chicago Tribune* entitled "Oil, OPEC, and U.S. Policy." The author, Jeffrey Bergner, puts the arguments on this topic in a clear, concise manner. He outlines the positions available to the United States and our allies vis-a-vis the OPEC nations

and suggests some options. Recent actions by the Reagan administration, particularly the Libyan plane incident, demonstrate a resolve previously missing in U.S. policy. OPEC nations would do well to take notice of these events. The question is not: How much will they charge us for oil? Instead it should be: Where else will they sell their oil? It is my belief that at the present time the Soviet Union is not interested in purchasing oil on the world market at inflated prices. In fact, they would much rather seize the oilfields and the OPEC nations know it.

Mr. President, I ask that the above-mentioned article be reprinted in the RECORD.

The article follows:

OIL, OPEC, AND U.S. POLICY
(By Jeffrey Bergner)

Motorists may have had the unusual experience of paying less, not more, for gasoline in recent weeks. The arrest and reversal of a seemingly inevitable upward spiral in the price of oil is welcome in itself; but it is also occasion for reflection upon a few simple truths about oil, the OPEC cartel, and American foreign policy.

The first of these is that oil is indeed a commodity, much like any other commodity which is bought and sold. This would go without saying, were it not for the fact that OPEC oil ministers have spent several years propounding with some success a quite different view.

OPEC oil ministers have fostered the myth that oil is unique: Unlike the price of other commodities, which is set by the market, the price of oil is set by men whose goals include an integrated world economy, Third World economic development, and a more just system of distribution. When production levels go up, it is a favor to the world economy, and especially the West; when production levels go down, it is to preserve oil supplies for the good of all peoples. When prices rise, it is to compensate producing nations for Western inflation and to realize economic development goals. So the myth runs.

But price and production levels are not set by a willful cartel free of all restriction upon its plans. The recent softening of demand for world oil exports has made this clear.

There may not be a perfectly free market in oil; the fact that governments, rather than profit-seeking corporations, control oil production in many nations diminishes the freedom of the market. So, too, does the fact that these governments attempt to collude on prices. But it still remains: Because there is not a perfectly free market in oil does not mean that there is no market at all.

Supply and demand has not, nor will it ever be, abolished by fiat. In the short run there can indeed be manipulation of supply and price within certain limits. But these limits are set by the facts that national interests differ, even among the OPEC nations; that decreases in production by some nations result in revenue losses for those nations; and that increases in price make alternative energy sources more attractive.

U.S. imports are running at between 5 and 6 million barrels of oil per day, over 30 percent below 1977 levels. Domestic production, conservation, and alternative fuels all account for this decline. Recent studies now suggest far greater elasticities of demand for oil than were once assumed. And there is room for far more improvement in the future.

All of this is not without meaning for American foreign policy. In recent years it has been argued that our policy options in the Middle East have been closely con-

strained by our reliance upon Persian Gulf oil; similarly, our response to Libyan-supported terrorism by our reliance upon Libyan oil; similarly, our initiatives in Namibia, Angola, and South Africa by our reliance upon Nigerian oil; and similarly, our policies in the Western hemisphere by the increasing importance of Mexico as an oil-exporting nation.

Oil is a highly tradeable commodity, as the 1974 embargo proved. It is difficult for any one nation or group of nations to cut off oil supplies to another nation and to retain business as usual with the rest of the world. To think, however, that all of the exporting nations can withhold oil from the industrialized world at once is simply unrealistic.

This is not to suggest recklessness in American foreign policy or to imply that temporary adjustments in the world market may not be inconvenient or painful to Americans. But the current decline in world demand for oil demonstrates the importance of market forces upon the commodity of oil. It suggests, too, that with some clarity of mind, consultation with other oil-importing nations and resoluteness of will that foreign policy can be liberated from the threat of the so-called oil weapon. ●

ORDER OF PROCEDURE

Mr. BAKER. Madam President, I have a number of housekeeping details to attend to and before I do proceed to their consideration and inquire of the minority leader of his wishes in respect of certain matters I have a statement I wish to make.

WILBUR WALKER'S 65TH BIRTHDAY

Mr. BAKER. Madam President, I shall take only a moment today to depart from budget considerations and the farm bill to announce to the Senate a truly significant occurrence: Today is the 65th birthday anniversary of Wilbur Walker.

Some may say, "Who is Wilbur Walker?"

I reply, Madam President, that Wilbur Walker is one of the unsung heroes of the Senate and he has been so for more than 30 years, for Wilbur Walker is the most senior of all of the Senate drivers.

He happens to be the man who regularly travels with me in the automobile generously assigned by the Senate as I go about my official duties.

Over the years I have come to know Wilbur Walker well and to know him as the A. J. Foyt of politics. He is a modern-day pony express, and he is the one member of my staff who does not ever desert me or inquire into my position on important and earth-shaking issues.

But, Madam President, he is more than just a driver. He is my conjointment with the past, for indeed Wilbur Walker began his career as an employee of the Senate as the assigned driver for then Senator Alben Barkley of Kentucky in 1947. Since then he has been the driver for the illustrious Senator from Ohio, Senator Robert A. Taft, Sr.; for my predecessor as Republican majority leader, Senator William Knowland of California; and for Senator Everett Dirksen of Illinois, the minority leader, a man for whom I have extraordinary respect; and for Senator Griffin of Michi-

gan when he was the assistant Republican leader of the Senate.

He is truly a professional among drivers and his professionalism was never brought to a higher level of accomplishment and never better stated than when a representative of one of the commercial television networks approached Mr. Walker one day and said, "Mr. Walker, I understand that you began driving for Alben Barkley in the 1940's and that you have driven for a series of majority and minority leaders since that time. You must have heard a lot of top politics talk in the back seat of your car," to which Wilbur Walker replied, "Indeed I have."

He said, "Mr. Walker, are you someday going to write a book?"

Wilbur Walker replied, "You may be assured that I am not," which I take to be the mark of a true professional and too infrequently noted in this world in which we politicians thrive.

Madam President, Wilbur Walker has always been proud to be part of the Senate, and I will take this opportunity to tell him that we have been proud to have him to be part of this family and of this organization.

EXECUTIVE SESSION

Mr. BAKER. Madam President, I am prepared at this time to consider three nominations on the Executive Calendar, and I will ask the distinguished minority leader if he might examine his calendar to say whether or not we might consider those nominations appearing under National Labor Relations Board and, under New Reports, Community Services Administration at this time?

Mr. ROBERT C. BYRD. Madam President, the nominations referred to by the distinguished majority leader have been cleared on this side of the aisle.

Mr. BAKER. I thank the minority leader.

Madam President, I ask unanimous consent that the Senate now go into executive session to consider the three nominations just identified.

The PRESIDING OFFICER. Without objection, it is so ordered.

The assistant legislative clerk proceeded to read various nominations under the National Labor Relations Board and the Community Services Administration.

Mr. BAKER. Madam President, I ask unanimous consent that the three nominations be considered and confirmed en bloc.

The nominations considered and confirmed en bloc are as follows:

NATIONAL LABOR RELATIONS BOARD

Robert P. Hunter, of Virginia, to be a member of the National Labor Relations Board for the term of 5 years expiring August 27, 1985.

COMMUNITY SERVICES ADMINISTRATION

Clarence Eugene Hodges, of Indiana, to be an Assistant Director of the Community Services Administration.

Lawrence Y. Goldberg, of Rhode Island, to be an Assistant Director of the Community Services Administration.

Mr. BAKER. Madam President, I move to reconsider the vote by which the nominations were confirmed en bloc.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Madam President, I ask unanimous consent that the President be immediately notified that the Senate has given its consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Madam President, I now ask that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDERS FOR WEDNESDAY

ORDER FOR THE SENATE TO RECESS UNTIL 9 A.M.

Mr. BAKER. Madam President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 9 a.m. on tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF SENATORS
RIEGLE AND COHEN

Mr. BAKER. Madam President, I ask unanimous consent that after the two leaders are recognized under the standing order that the Senators from Michigan (Mr. RIEGLE), and Maine (Mr. COHEN) each be recognized in that order for not to exceed 15 minutes on special orders.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR PERIOD FOR THE TRANSACTION OF
ROUTINE MORNING BUSINESS

Mr. BAKER. Madam President, I ask unanimous consent that after the recognition of the two leaders under the standing order and the two Senators just granted special orders there be a brief period for the transaction of routine morning business to extend not past the hour of 10 a.m. in which Senators may speak for not more than 2 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE PROGRAM FOR THE NEXT SEVERAL DAYS

Mr. BAKER. As some point, Madam President, I would expect this week, perhaps tomorrow, to return to the consideration of the farm bill.

After the farm bill is concluded, it is the hope of the leadership that we may proceed to the consideration of the Department of Interior appropriation bill this week.

Following on after that, Madam President, I would hope that the O'Connor nomination to be an Associate Justice of the Supreme Court of the United States would be available so that we may pro-

ceed to the consideration of that matter in executive session on Monday next.

After the disposition of the O'Connor nomination, it is the hope of the leadership that we will be in position to proceed to the consideration of the Foreign Assistance Act.

Madam President, that is a brief vignette of the legislative schedule as I see it for the next few days.

Other matters may intervene of urgent importance. Other matters, of course, will be dealt with by unanimous consent if they are available or on short-time limitations if they are required for other measures that are not very controversial.

INQUIRY REGARDING TIME-LIMITATION AGREEMENT ON O'CONNOR NOMINATION

Mr. BAKER. Madam President, might I inquire of the distinguished minority leader if he is in a position to agree to a unanimous-consent request in respect to a limitation of time for debate on the nomination of Sandra Day O'Connor on Monday, September 21?

Mr. ROBERT C. BYRD. Madam President, the matter is being cleared on this side of the aisle. I do not at the moment anticipate any problem, but I am not in a position at this moment to give to the distinguished majority leader an answer in the affirmative.

Mr. BAKER. I thank the minority leader. I appreciate the response and I will confer with the minority leader on tomorrow.

I have no further matters to present to the Senate, and I ask the minority leader if there is any further business he wishes to transact this evening.

Mr. ROBERT C. BYRD. Madam President, I thank the distinguished majority leader. I have none.

PROGRAM

Mr. BAKER. Madam President, tomorrow the Senate will convene at 9 o'clock. After the recognition of the two leaders under the standing order, there will be two special orders in favor of the Senator from Michigan (Mr. RIEGLE) and the Senator from Maine (Mr. COHEN). After the recognition of the two Senators under special orders, there will be a brief period for the transaction of routine morning business not to extend beyond the hour of 10 a.m. during which Senators may speak for not more than 2 minutes each.

At 10 o'clock, after the orders previously entered, the Senate will resume consideration of the farm bill. It is my hope, Madam President, that we can complete consideration of the farm bill on tomorrow.

At the hour of 2 o'clock, under the order previously entered, a vote will occur pursuant to the provisions of rule XXII, on the cloture motion filed to end debate on the Johnston amendment to the De-

partment of Justice authorization bill. An order has been entered heretofore that if cloture is not invoked on tomorrow the bill will be returned to the calendar automatically.

Madam President, after the disposition of the vote on the Johnston amendment, the cloture motion vote, I hope to have a further announcement in respect to a mutually satisfactory arrangement in dealing with further consideration of the Department of Justice authorization bill.

RECESS UNTIL 9 A.M. TOMORROW

Mr. BAKER. Madam President, I now move, in accordance with the order previously entered, that the Senate stand in recess until 9 a.m. tomorrow.

The motion was agreed to; and at 6:36 p.m. the Senate recessed until Wednesday, September 16, 1981, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate September 15, 1981:

INTERNATIONAL ATOMIC ENERGY AGENCY

The following-named persons to be the Representative and Alternate Representatives of the United States of America to the 25th session of the General Conference of the International Atomic Energy Agency:

Representative:

W. Kenneth Davis, of California.

Alternate Representatives:

Richard T. Kennedy, of the District of Columbia.

Roger Kirk, of the District of Columbia.

Thomas M. Roberts, of Tennessee.

DEPARTMENT OF STATE

John Augustus Bohn, Jr., of California, for the rank of Ambassador, while serving as U.S. Director of the Asian Development Bank.

CORPORATION FOR PUBLIC BROADCASTING

Sonia Landau, of New York, to be a Member of the Corporation for Public Broadcasting for the remainder of the term expiring March 26, 1985, vice Melba Patillo Beals.

R. Kenneth Towery, of Texas, to be a Member of the Corporation for Public Broadcasting for the remainder of the term expiring March 26, 1986, vice Reuben W. Askana-

CONFIRMATIONS

Executive nominations confirmed by the Senate September 15, 1981:

NATIONAL LABOR RELATIONS BOARD

Robert P. Hunter, of Virginia, to be a Member of the National Labor Relations Board for the term of 5 years expiring August 27, 1985, vice John C. Truesdale.

COMMUNITY SERVICES ADMINISTRATION

Clarence Eugene Hodges, of Indiana, to be an Assistant Director of the Community Services Administration, vice Michael T. Blouin, resigned.

Lawrence Y. Goldberg, of Rhode Island, to be an Assistant Director of the Community Services Administration, vice Robert Stern Landmann, resigned.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.